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OUR REPORTER'S REPORT

The recent creeping advance in secondary and speculative railroad obligations blossomed into a full-fledged upturn, attended by increasing volume, with the resumption of trading this week.

Mounting activity in that quarter of the list gave the market a really buoyant appearance Tuesday and again yesterday with the turnover substantially exceeding the daily average of around $6,000,000 or $7,000,000 in vogue of late.

Tuesday's turnover, of some $12,000,000, in domestic issues contrasted with an aggregate of only $27,000,000 for all of the preceding week, giving some idea of the scope of the pickup. And yesterday trading was even heavier.

While the bulk of the buying was ascribed to traders and speculators, some observers were satisfied that the railroads themselves were picking up bonds here and there in some volume, against an expected change in the law covering treatment of "indicated profit" on repurchases for retirement.

As the law now stands, the roads and other corporations must first obtain certificates of insolvency before they can make such purchases at discounts from face value without being taxed on the theoretical profits. R. V. Fletcher, Vice-President of the Association of American Railroads, recently aired this situation before the Senate Finance Committee at hearings on the current new revenue bill.

He submitted an amendment, which he said the Treasury tentatively approved, to change the law so that corporations, including the railroads, could make such pur-

(Continued on page 629)

Our Reporter On "Governments"

By S. F. PORTER

A move which is all but riskless and which may bring in some unlooked for profit is to buy into the $342,000,000 Treasury 2s maturing Sept. 15, 1942, or into the $320,000,000 RFC ⅞s maturing Oct. 15, 1942—in anticipation of a favorable refunding offer within the next few weeks. . . . Chances are these two issues, which total only $662,000,000, will be refunded in a separate transaction sometime before the first week of September. . . . Odds are the deal will take place before the next cash offering, because a refunding of this type is likely to stimulate the market generally. . . . Certainly, some holders of the tax-exempt Treasury 2s will want to stay in the tax-exempt classification so they'll do their own refunding, enter the open market and use the cash obtained from sale of the 2s to buy outstanding exempts. . . . That alone should help the appearance of the market for a while and help pave the way for the next big Treasury borrowing. . . .

But to get back to the profit possibilities in purchasing the maturing issues now. . . . The RFCs are selling at 100.3 to yield a minus equivalent of 1/64 to October 15, a minus of 5/64 to September 15. . . . The Treasury 2s are selling at 100.5 to yield a minus equivalent of 3/64 to September 15. . . . In other words, purchase of either or both of these issues necessitates virtually no risk for the worst that can happen is that they'll be paid off at par and you'll lose a fraction for having put your idle cash into a maturing security for a few weeks. . . .

The best that can happen is that a refunding issue will be tendered which will be worth a few 32nds—maybe ¼ point—in the open market shortly after the sale. . . . By having the securities to be turned in, you'll get in on that exchange and make a few dollars therefore. . . . It's not much—but it's something. . . . And the move has no angles to it that any official might object to. . . .

DEALERS AT A LOW

The other day, a broker in the New York market traded $1,000,000 of the certificates of indebtedness for a customer at a $20 commission. . . . And that was before payment to whatever bank was involved of the small bank charges demanded. . . . At the same time, one dealer, who has been particularly successful on uncovering profitable transactions in the past, remarked "there's nothing doing. I just sit here wondering what to do next." . . . At that same moment, a third trader said he was considering going out of the Government bond field altogether because as he saw it, there would be no worthwhile profits for dealers for many months or years to come. . . .

This report is presented not as an invitation to pessimism but as a possible sign of what lies ahead. . . . One thing is certain: the U. S. authorities have this market under control now and intend to use their best endeavors to keep it there. . . . Another thing is the big, spectacular dealer profits of days gone by will not be tolerated at a time such as this. . . .

INSIDE THE MARKET

The response to the taps has astonished even the men who ran the sale. . . . While the billion-dollar mark was hoped for, off-the-record conversations among Victory Fund Committee spokesmen and Treasury representatives indicated the fiscal authorities would have been satisfied with $900,000,000 to $1,000,000,000. . . . The fact that

(Continued on page 632)

Effective Date Of Minimum Capital Rule Deferred; Measure Sharply Attacked In SEC Hearing

Effective date of the minimum capital amendment to the rules and by-laws of the National Association of Securities Dealers, Inc., originally scheduled for Oct. 15, was indefinitely postponed, following conclusion of the hearing on the proposal before the Securities and Exchange Commission at Philadelphia on Aug. 13. The matter was taken under advisement by the Commission, with the NASD stipulating that the effective date of the amendment could be held in abeyance until the commission had reached a decision. The measure was sharply attacked by Frank Dunne of Dunne & Co., New York, President of the New York Security Dealers Association, also by Leslie B. d'Avigdor of the Leslie B. d'Avigdor Co., New York, and Van Dyck MacBride of MacBride, Miller & Co., Newark, N. J., who spoke on behalf of his own firm as well as 11 other Newark dealer firms.

In testifying at the hearing, Mr. Dunne asserted that "if the NASD is permitted to adopt this amendment to its by-laws, it is my opinion that it will be the cause of disintegration of the Association which all reputable Broker-Dealers would regret." It would also sound the death-knell for hundreds of small firms throughout the country, he said. Mr. Dunne assailed the "undemocratic method used by the Association in forcing the adoption of the amendment to its by-laws." Stating that he used the phrase "in forcing the adoption advisedly," Mr. Dunne went on to say that he was "quite convinced" that in fact the measure "was rejected by the majority membership." In support of this contention, the speaker made the following observation: "The Association had 2,631 members of which 1,939, or 73%, voted. Of the 1,939, 1,197, or 45% of the total membership, voted "for" and 738 "against." The result of the vote means that the amendment was adopted by 45% of the membership. Those who did not vote were certainly not in favor of the amendment. If we should add their number to those who voted against it, then the amendment would have been defeated. I must again point out that about 28% of the total membership actually voted against it."

Stating it was his belief that those who did not vote were not in favor of the proposal, and that many who voted in approval "were privately against it," Mr. Dunne emphasized that "this was not a secret ballot as it should have been," because of the Association's requirement of a signed ballot and declared that any claim that "democratic procedure was followed could be nothing but a pious fraud." Furthermore, he added, if minimum capital requirements for membership in the Association are desirable, they should be adopted by the Securities and Exchange Commission "which has the necessary power, and not by the NASD, which does not." The large houses with few exceptions, Mr. Dunne maintained, "automatically voted in favor of the proposal because they believed it was in their favor. The small houses in many cases simply did not dare to vote against it for fear of reprisals."

Referring to the "background of subtle intimidation" which in evi-

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NY Conference On War Bond Payroll Plan

Owen D. Young, William Green, Walter D. Fuller, Jacob S. Potofsky and other leaders of labor and management will gather at a conference and luncheon at the Hotel Astor, New York City, on Aug. 27, on the Treasury Department's Payroll Savings Plan, with a view to seeking to evolve the best methods to spur participation to the 10% gross payroll goal set by the Government, it is announced by Richard C. Patterson, Jr., Chairman of the New York War Savings Staff. The announcement states that the conference—one of the most important Treasury sessions ever held in New York—will be similar to others being held this month in key cities throughout the nation. It was arranged by the National Committee for Payroll Savings in conjunction with the War Savings Staffs of New York, New Jersey and Connecticut. The conference will aim at a three-point goal.

Chairman Patterson, in analyzing this goal, declared that "we will seek first to increase the number of plants participating in the Payroll Saving Plan; secondly, to increase the number of workers taking part; and thirdly, to increase the amount of monthly purchases to the desired 10% of gross payrolls." Nevil Ford, State Administrator of the New York War Savings Staff, will preside at the conference. Lewis Pierson, Chairman of the Greater New York Committee of the War Savings Staff, will preside at the luncheon, during which a film on the Payroll Savings Plan will be shown. After luncheon, the conference will be addressed by Walter D. Fuller, Chairman of the National Association of Manufacturers, and Chairman of the Board of the Curtis Publishing Co.; William Green, President of the American Federation of Labor; Jacob S. Potofsky, Acting President of the Amalgamated Clothing Workers, and Owen D. Young.

The luncheon meeting will be financed by the hundreds of corporations and unions participating. Similar discussions already have been held in Richmond, Va., St. Paul, Minn., Kansas City, Mo., and Atlanta, Ga. Others are scheduled for San Francisco, Chicago, Dallas, Seattle, St. Louis, Cleveland and Boston. The New York luncheon will be the last in the series.

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THE BOND SELECTOR

LEXINGTON WATER POWER COMPANY
First Mortgage 5s, 1968

This hydro property is a direct subsidiary of General Gas & Electric Corp., in the Associated Gas & Electric System. The company supplies electricity at wholesale only in South Carolina. Under contracts expiring July 1, 1980, the company is obligated to supply a minimum of 300,000,000 kwh. per annum as follows: Carolina Power & Light Co., 150,000,000 kwh.; Duke Power Co., 75,000,000 kwh.; South Carolina Electric & Gas Co., 75,000,000 kwh. The latter contract has been assigned to Duke Power Co. Remaining outstanding output, if any, is taken by South Carolina Electric & Gas.

The trustees of Associated Gas & Electric signed a contract in April, 1942, with the South Carolina Public Service Authority for sale to the Authority of Lexington Water Power Co. and South Carolina Electric & Gas Co. for about $40,000,000. Of this amount, approximately half was to be paid to General Gas & Electric Corp., $1,350,000 to other Associated Gas subsidiaries which own certain bonds in the two companies, and the balance to be utilized by the Authority to retire securities of the two companies held by the public.

This contract, however, was upset in the South Carolina courts which decided that the authority was without power to purchase existing utility enterprises. The South Carolina Supreme Court in a decision handed down May 12, 1942, granted a permanent injunction restraining the authority from purchasing the two properties, thereby upholding action of the lower court. Supreme Court subsequently denied a petition filed by the authority for a rehearing.

The proposed sale of the two properties came about as the result of negotiations carried on in Washington in the latter part of 1941 between Governor Maybank of South Carolina, representatives of the PWA, South Carolina Public Works Authority, and trustees of Associated Gas & Electric. The idea was to tie in the properties of South Carolina Electric & Gas and Lexington Water Power with the Federal Santee-Cooper and Greenwood County hydro-electric projects. It should be noted that both these companies are among those in the Associated Gas & Electric System against which the SEC has initiated divestment proceedings.

In view of the adverse court decision, the PWA has asked Governor Jeffries of South Carolina to call a special session of the legislature for the purpose of enacting enabling legislation whereby South Carolina Public Service Authority could acquire the properties; otherwise it will be necessary to await the regular session on Jan. 1, 1943.

The First Mortgage is outstanding in the amount of $10,929,100 of which $2,230,700 are owned by other companies in the Associated System. The mortgage securing the bonds is an absolute first mortgage on the power house and dam on the Saluda River and on substantially all the other property of the company; in addition the power contracts are pledged. Gross plant account at Dec. 31 1941, was carried at $20,355,579 and reserve for depreciation was $1,990,193. The bonds are callable on 45 days' notice at 105 to Jan. 1, 1948. There are also outstanding $2,748,600 5½% debentures due 1953; of this latter issue, $2,555,400 are owned by General Gas & Electric Corp.

Income account of Lexington Water Power Company for the 12 months ended June 30, 1942 compared with that for the 12 months ended Dec. 31, 1941, follows:

	12 months ended	
	6-30-42	12-31-41
Total operating revs.	$1,995,938	$1,967,768
Operating expenses	655,816	711,103
Maintenance	17,318	16,598
Depreciation	177,875	181,250
Taxes, incl. Fed.	294,073	*267,987
Operating income	850,856	790,830
Other income	394	396
Available for fixed charges	851,250	791,226
Bond interest	693,322	701,056
Other interest	36,036	36,161
Taxes assumed on interest	7,195	6,919
Amort. of bond disc. & exp.	28,624	30,482
Total fixed charges	765,177	774,628
Net income	86,073	16,596
Fixed charges—X-earned	1.12	1.02

*No provision necessary for Federal taxes.

The discernible improvement in earnings coupled with the possibility of some satisfactory arrangement for sale of this property lends speculative interest to the First Mortgage bonds at present prices.

"We consider this an opportune time for investment in railroad bonds"
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Promising Outlook for Rails

which emphasizes the cumulative effect of high war-time earnings and stresses the lack of justification for post-war fears.

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Josef Phillips V.-P. Of Drumheller Firm

SEATTLE, WASH.—Drumheller, Ehrlichman Company, Exchange Building, members of the Seattle Stock Exchange, announce that Josef C. Phillips has been elected a Vice-President of their firm. Mr. Phillips has been in charge of the trading department.

J. Witterman To Be Edwards Co. Partner

Joseph Witterman will shortly become a partner in A. G. Edwards & Sons, members of the New York and St. Louis Stock Exchanges, and will act as alternate on the floor of the New York Exchange for Gordon D. Stott. Mr. Witterman has been in charge of the trading department of the firm's New York City office, 61 Broadway.

Richard Sloan With Merrill Lynch Firm

(Special to The Financial Chronicle)

DETROIT, MICH.—Richard E. Sloan is now connected with Merrill Lynch, Pierce, Fenner & Beane, Buhl Building. Mr. Sloan was formerly one of the managers of the local office of A. M. Kidder & Co., and prior thereto was with E. A. Pierce & Co.

B. Hansford Wills With Barrett Herrick & Co.

WASHINGTON, D. C.—B. Hansford Wills has become associated with Barrett Herrick & Co., Inc., 719 Fifteenth St., N. W. Mr. Wills for many years conducted his own investment business in Washington.

Pinder, Titus On Trip

Daniel U. Pinder and William A. Titus, Jr., of F. J. Young & Co., Inc., 53 Wall St., New York City, are on a business trip to Berlin, New Hampshire, to visit the plant of the Brown Company.

A. W. May With Treas. War Savings Staff

The Treasury War Savings Staff has appointed A. Wilfred May Director of the Division of Research and Statistics and Associate Administrator for the State of New York. Mr. May, who was formerly economic expert of the Securities and Exchange Commission, more recently has been associated with the faculties of the London School of Economics and the New School for Social Research.

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Holds Inland Waterway Vital To Nation

The incalculable value of the inland waterway system is becoming manifest, declares S. Willson Richards, Editor of the "Marine News." "Now, when the fate of the democratic world depends largely upon American help, supplies and materials," says Mr. Richards, "how desperate the situation would be but for the nation's waterways. In such event, there could be no navy yards nor shipyards; no battleships, submarines or destroyers; no merchant vessels, car-floats or lighters: The cost of transporting over 90% of the nation's tremendous quantity of iron ore would be multiplied again and again. The oceans, the Great Lakes, the Gulf of Mexico, the great river systems would all be useless but for the connecting links to the land through improved waterways.

"Yet, even at this solemn moment—incredible as it seems—selfish and sectional interests and the uninformed combat and criticize expansion and improvement of the nation's unparalleled waterways.

"In peacetime, transportation—water, rail, truck—is the lifeblood of the nation. In wartime, it is that and more; it is the material implement to which democracy will owe most when it emerges triumphant over the predatory hordes now plundering the civilized peoples of the earth.

"Striking events are making manifest the real value of the inland waterway system. The proposed New Jersey canals will increase this value incalculably.

"America has the greatest potential inland and intracoastal waterway system on earth; development and expansion are making it a priceless national asset, producing benefits and economies for all the people."

Elected Vice-Presidents

PITTSBURGH, PA.—Mellon Securities Corporation, 525 William Penn Place has elected S. Davidson Herron and H. M. Jorgensen Vice-Presidents of the firm. Both had previously been Assistant Vice-Presidents.

Interesting Report

Seligman, Lubetkin & Co., 41 Broad St., New York City, have prepared a report on 165 Broadway Building, Inc., copies of which may be had from the firm upon request.

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"Govt. Bonds In War"

The quarterly investment survey of Shields & Co., 44 Wall St., New York City, members of the New York Stock Exchange, observes that during the present war "no major combatant has had the slightest trouble in meeting its financial needs, and it is unthinkable that the United States should have any difficulty."

The survey, in a discussion of "Government Bonds in War," says that "patriotism, government controls over our banking system including reserve requirements, and the possibility of political pressures should combine to provide a satisfactory demand for the huge volume of government securities in prospect."

"It is becoming increasingly evident that the war financing will be derived into four forms," the Shields survey continues. "The increase in taxes will be large, but total tax revenues may not exceed one-third of our total requirements. Next, there are the war savings bonds which are sold in limited amounts to individuals, but which are now being sold at the rate of about $1,000,000,000 monthly. Then there are the long-term governments for the insurance companies, savings banks and other non-commercial banking institutions. The importance of these may be seen from the recent purchase by the big five insurance companies of $510,000,000 of the issue of $882,000,000 2½s, June 15, 1967/62.

"The above sources of funds, while large, are definitely limited, and the balance of the government's requirements must be absorbed by the commercial banks, where there is virtually no limit on the ability to buy. The banks naturally wish somewhat shorter maturities. The combination of short terms at the higher rates now prevailing and medium term governments will meet their requirements."

Capital And Investors Get Small Share Of Nat'l Income: Forbes

An increasing slice of the national income pie is going to employees, a shrinking slice to capital, to investors and small business owners.

Total compensation of employees last year increased, as compared with 1929, $11,788,000,000, or 22.21%, while total compensation of capital decreased $521,000,000, or 1.72%.

These comparisons are cited by B. C. Forbes, head of the Investors Fairplay League, from statistics obtained from the Department of Commerce.

"Since wages this year are rising and dividends being reduced, this trend is becoming more pronounced," Mr. Forbes points out. "It is significant that, whereas total national income last year was $11,257,000,000 greater than in 1929, employees obtained all this and $521,000,000 more, at the expense of what capital received.

"Although national income last year was $94,540,000,000 against $83,283,000,000 in 1929, dividends were $1,295,000,000 less, interest $606,000,000 less, net rents and royalties $939,000,000 less.

"In 1929 employees reaped 63.04% of the national income, whereas last year their share was 64.7%; the share of business and industry declined from 8.64% to 7.62%. Meanwhile, business and industry during the depression years suffered an actual loss of over $20,000,000,000. During 13 years employees averaged 69.4% of the national income, as contrasted with an average of 2.25% for business and industry."

Mr. Forbes adds that industry does not now have surpluses to repeat any such performance should another period of depression follow the war.

St. Petersburg, Fla. Tax Collections Analyzed

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, have prepared an analysis of tax collections of St. Petersburg, Fla., for the fiscal years 1936-37 to 1941-42. Copies of the analysis may be had from the firm upon request.

Reserve Banks To Resell Treasury Bills

The Board of Governors of the Federal Reserve System announced on Aug. 7 that "the Federal Open Market Committee has supplemented its direction of April 30, 1942, to the Federal Reserve Banks to purchase all Treasury bills that may be offered to such banks on a discount basis at the rate of ⅜% per annum, by a further direction that any such purchases shall, if desired by the seller, be upon the condition that the Federal Reserve Bank, upon the request of the seller before the maturity of the bills, will sell to him Treasury bills of a like amount and maturity at the same rate of discount."

The effect of this action, it was explained, is to permit a bank which has sold Treasury bills to the Federal Reserve Bank to repurchase them at its option before maturity at the same rate of discount at which they were sold to the Reserve banks.

The Reserve Board's action of April 30 was adopted as an added means of assuring the liquidity of investments in Treasury bills, aside from the short maturity and ready marketability of the securities.

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Dealers Continue Attacks On Bid & Asked Rule; Public Interest Held Imperiled by SEC Plan

The action of the Securities and Exchange Commission in extending to Sept. 15 the period for receiving comments from brokers and dealers and other interested parties on its proposed bid and asked disclosure rule (X-15C1-10) indirectly constitutes a belated acknowledgement by the Commission of its failure to fully evaluate the very obvious impractical nature of the proposal and its inherent threat to the welfare of the investing public and the nation's financial economy. It is difficult to think of any other suggestion or regulation by the Commission that has caused as much opposition and criticism throughout the entire securities industry as has this latest suggestion.

Of particular interest in this respect is the fact that municipal bond dealers, who have always been immune from SEC regulation, are concerned over the obvious attempt by the Commission, through "sleight-of-hand manipulation," to extend its regulatory authority to include dealings in tax-exempts. These sources recall that the municipal bond field was specifically exempted from the Securities Exchange Act of 1934 and, despite strenuous efforts by the Commission, also from the provisions of the Maloney Act providing for self-regulations of the counter markets, under the aegis of the SEC. Under the provisions of the proposed rule, however, dealers in municipals ,except in the case of original underwritings, would be forced to inform their customers of the best bid and asked quotations and all of the other related disclosures necessary in the case of other counter transactions.

Needless to say, the municipal bond fraternity is losing no time in studying the legal and technical considerations bearing on the proposed rule and will present a united front in fighting the Commission's plan. Meanwhile, all other over-the-counter dealers are no less determined to take the necessary action to prevent the SEC from adopting the rule in question. It is suggested that dealers write to the Commission, setting forth the reasons why such a price disclosure requirement is completely impractical and likely to occasion incalculable damage to an industry whose continued profitable existence is essential to the welfare of the entire nation.

A number of dealers have favored us with their views on the subject and we will continue to publish such comments. Naturally, if it is contrary to the wishes of the writer, we refrain from disclosing his identity. Recent letters appear below:

DEALER No. 8

The immediate net effect of the adoption of proposed Rule X-15CL-10 would be to place all unlisted transactions upon a straight commission basis.

Under the application of this rule, the distributor of unlisted securities would be forced to close his doors.

Without the dealer's support, unlisted markets would suffer to the point of extinction. The vast, Nation-wide markets for thousands of meritorious unlisted issues, including those for bank and insurance stocks, municipal and State obligations, corporates and rails, reorganization securities, new issues out of syndicate, venture enterprises, would disappear. The liquidity of the great majority of such markets is absolutely dependent upon negotiation and not upon the prin-

(Continued on page 626)

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Charles Easter Joins Blyth Co. In Seattle

(Special to The Financial Chronicle)

SEATTLE, WASH.—Charles W. Easter has become associated with Blyth & Co., Inc., 1411 Fourth Avenue Building. Mr. Easter was previously manager of the trading department of the Seattle office of Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co.

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Members St. Louis Stock Exchange

Form Cruttenden & Co., Exchange Member Firm

CHICAGO, ILL.—Formation of a new Chicago investment house, Cruttenden & Co., to be members of the New York and Chicago Stock Exchanges, is announced by the partners, Walter W. Cruttenden, Fred R. Tuerk and Kenneth S. Beall, all of whom were partners of Fuller, Cruttenden & Co., which was dissolved Aug. 15. Associated with the firm will be Murray C. Mathews, George D. Hefner and James H. Murphy, both of whom have been prominent in La Salle Street for more than 15 years. The partners have been associated in the trading business since 1930 and the election of the new firm to membership in the New York Stock Exchange is thought to mark the first time a La Salle Street investment group has progressed from a predominantly trading business into a New York Stock Exchange organization.

Mr. Cruttenden was the first President of the National Security Traders Association. Mr. Cruttenden and Mr. Tuerk are directors of a number of leading financial and industrial corporations in the Middle West. All partners have been prominently identified with the affairs of the Chicago Stock Exchange in the past.

The new firm will do a general investment and brokerage business specializing in trading all types of listed and unlisted securities including foreign bonds. It will also act as underwriters and wholesale distributors of its own originations. Offices have been taken at 209 South La Salle Street which were formally opened Monday, Aug. 17.

Mr. Mathews started his investment career with Blyth & Co. in Chicago in 1928 and has been associated with various other firms since that time. Mr. Murphy has been with Kneeland & Co. for the past seven years. Mr. Hefner was with Fuller, Cruttenden & Co. for the past 10 years before joining Cruttenden & Co.

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Frank C. Bristow** and **Charles J. Mullally,** formerly with Burr & Co., are now associated with **Amott, Baker & Co., Inc.,** 150 Broadway.

NEW YORK, N. Y.—**Norman J. Marsh,** formerly with Hornblower & Weeks and G. M.-P. Murphy & Co., is now connected with **Baker, Weeks & Harden,** 52 Wall Street, in their investment department. Mr. Marsh has been in the investment business since 1928.

(Special to The Financial Chronicle)

MIAMI, FLA. — **Ann Morrison Seaber** is with **The Ranson-Davidson Co., Inc.,** Shoreland Arcade.

(Special to The Financial Chronicle)

AURORA, ILL. — **Emil O. Schwanz** has rejoined the staff of **William H. Flentye & Co., Inc.,** Graham Building. Mr. Schwanz was recently connected with Alexander & Co., Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Joseph P. Edwards** has become affiliated with **A. A. Bennett & Co.,** 105 South La Salle Street. Mr. Edwards was previously with Alexander & Co. and prior thereto for a number of years was with John J. Seerley & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Celia A. Rush,** previously with Sills, Troxell & Minton, is now with **Brailsford & Co.,** 208 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Eugene Hotchkiss** has become associated with **Lee Higginson Corporation,** 231 South La Salle Street. Mr. Hotchkiss was formerly for many years with Blair, Bonner & Company.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **John J. Krause** has joined the staff of **Rogers & Tracy, Inc.,** 120 South La Salle Street. Mr. Krause was previously with Kirstein & Co.

(Special to The Financial Chronicle)

DAVENPORT, IOWA.—**William A. Hutton,** formerly with Steffen-Kleinhen Co., Inc., is now affiliated with **Priester & Co.,** Davenport Bank Building.

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(Special to The Financial Chronicle)

DETROIT, MICH. — **James M. Butler** is now with **A. M. Kidder & Co.,** Penobscot Building. Mr. Butler was formerly with Wm. C. Roney & Co. and R. C. O'Donnell & Co. In the past he was in business for himself.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—**Charles L. Johnson,** formerly with C. O. Robinson & Co., Inc., has been added to the staff of **A. J. Wichmann & Co., Inc.,** Circle Tower.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Carl E. Knudsen** has been added to the staff of **H. R. Baker & Co.,** Bank of America Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Cedric B. Macauley,** previously with Bankamerica Company, is now with **Davies & Co.,** Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Louis A. Keesling,** formerly with J. T. Stephenson & Co., has become connected with **Mitchum, Tully & Co.,** 405 Montgomery Street. In the past Mr. Keesling was a partner in Potter, Keesling & Co.

(Special to The Financial Chronicle)

YOUNGSTOWN, OHIO—**Thomas W. Stroh** has become associated with **Borton & Borton, Inc.,** whose main office is in the Union Commerce Building, Cleveland, Ohio. Mr. Stroh was formerly with Otis & Co. and Butler, Wick & Co.

Applicants For Chicago Exchange Memberships

CHICAGO, ILL. — Applications for membership in the Chicago Stock Exchange were posted today for transfer to Newton P. Frye, President, Central Republic Company, and to Marcy T. Weeks of Chicago.

Mr. Frye, a former Advisor to the Board of Governors of the Exchange, is the second official of a corporation to apply for membership since the rules of the Exchange were changed last month providing for their admission. The first applicant was George F. Noyes, Vice-President and Secretary of the Illinois Co. of Chicago, who was formally elected to membership on Aug. 5, 1942, by the Executive Committee.

Robt. Strauss In Chicago

CHICAGO, ILL.—Robt. Strauss, partner in Strauss Bros., of New York City, is still at the firm's newly opened branch in Chicago in the Board of Trade Building. He expects to remain in Chicago for some little time.

E. L. Gilroy Joins Brailsford & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Edwin L. Gilroy, formerly a Vice-President of Webber, Darch & Co., with which he had been connected for many years, has become associated with Brailsford & Co., 208 South La Salle St., members of the Chicago Stock Exchange.

R. F. Ferguson Now With Faroll Bros.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Rollo F. Ferguson has become associated with Faroll Brothers, 208 South La Salle St., members of the New York and Chicago Stock Exchanges. Mr. Ferguson was formerly an officer and manager of the trading department of Traction Securities, Inc. In the past he was with Robert J. Phillips & Co. and Moore, McLean & McDermott.

SEC Cosidering Minimum Capital Rule; Dealers Urged To Continue Opposition

A review of the SEC hearing at Philadelphia on August 13 on the NASD minimum capital rule appears on another page of this issue. As stated therein, the Commission decided to take the plan under advisement and, as a consequence, the date on which it was to become effective, originally set for October 15, has been postponed. The Commission, of course, gave no indication as to its views with respect to the proposition. It is earnestly hoped, however, that the Commission will not conclude that the relatively small dealer representation which appeared in opposition to the plan constituted the entire weight of the opposition and to permit that fact to influence in any way its decision in the case. It should be made clear to the Commission that numerous opponents of the principle that "wealth and integrity" are synonymous, and should supplant time-honored yardsticks of character and honesty, simply could not afford the expense involved in order to appear at the hearing.

The truth of the matter—as was clearly stated by Frank Dunne, President of the New York Security Dealers Association, during the course of his statement in attacking the plan and urging veto action by the Commission—is that the amendment in question actually was approved by no more than 45% of the association's total membership and thus did not even obtain a simple majority. Accordingly, it behooves all of the dealers who voted in the negative, also those who did not, for personal considerations, deem it advisable to take any position on the question, to advise the Securities and Exchange Commission by letter of their exact views with reference to this far-reaching proposal. Unless dealers act immediately, they risk the distinct possibility of being denied the privilege of continuing in business for no other reason than their inability to meet an arbitrary financial standard of integrity, honesty and competence.

We have recently received some additional letters from dealers regarding the minimum capital rule. These are reproduced herewith and, when so requested, we do not reveal the source of the communication.

DEALER No. 50

Following letter was sent to the SEC by Fred Kirtland of the Hermitage Securities Company, Nashville.

The publication, "The Commercial and Financial Chronicle," of Thursday, August 6, carries an article stating that a public hearing will be held on August 13 by the Securities and Exchange Commission at its offices in Philadelphia, on the recently approved amendment to Article 1, Section 1, of the By-Laws of the National Association of Securities Dealers.

This amendment, recently voted upon, would require a dealer to have a specific amount of minimum capital in order to be eligible for membership in the Association.

According to another article in the same issue of the "Chronicle" the result of the recent vote on the amendment as announced by Wallace H. Fulton shows that only 74% of the total membership of the Association voted. The total membership of the Association comprises 2,600 members, and the total votes cast, according to the article, were 1,939, of which 738 dealers voted against the amendment. We voted our disapproval of the proposed amendment to the by-laws as approved by the Board of Governors.

As a member of the National Association of Securities Dealers, presumably in good standing, we desire to express our views in regard to this amendment. Among the 2,600-odd members of the Association, we have no way of knowing what portion of this dealer membership has small capital, and whether or not these small dealer members had a voice in reaching the conclusions that the Board of Governors approved and submitted to the membership for vote.

The limitation as to minimum capital will impose upon the small dealer restrictions which from time to time could technically disqualify him and force him out of business.

In the "NASD News," dated June 15, 1942, we quote, "Protection of investors and the promotion of the welfare of the investment banking and securities business are considered by the Board of Governors to be the primary objectives of the National Association of Securities Dealers, Inc."

We question this attempt of the Association in trying to protect investors through the means of limiting the minimum capial of the dealers in its membership. The regulation of morals and the conduct of the investment business cannot be controlled by a minimum capital. Small dealers and members of the Association with a $5,000 minimum net capital operating their business fully in accord with the rules of the Association and fair practices may from time to time have their capital impaired overnight by sudden market changes over which there is not a means of control. This same impairment might also apply to a dealer with $100,000 of capital. Such impairment, however, may right itself in a 30-day period, and leave neither the small dealer nor the large dealer any worse for the situation that temporarily existed.

Suppose a small dealer has $10,000 of net capital and carries an inventory of $100,000 of municipal bonds. Drastic changes in markets cause these bonds to decline as much as seven points, which would impair his capital below the $5,000 minimum. Through the exercise of this dealer's judgment and a gradual market improvement, he holds to these bonds and gradually recovers his deficiency. Under normal conditions he operates under fair practices, makes a living for himself, gives employment to several people, serves his local territory and likewise tends to keep stimulated and broadened the public consciousness of bonds and stocks and markets for them.

Is it the intent of the Board of Governors of the Association to force such dealers out of business? They have abided by the rules of the Association and help to make and broaden markets for the bigger dealers. It is the small dealer with the small capital who reaches out into the rural districts of the investment industry who really distribute securities and put them away permanently. This distribution through the small dealer is of aid to the larger houses who could not economically afford to reach these small avenues of investment.

Certainly some better method of keeping the securities industry on a high plane can be accomplished without forcing many dealers out of business just because they are small. The small dealer with the small capital watches more closely his net capital because of necessity than is likely in the case of the big dealer with a large

(Continued on page 629)

Tomorrow's Markets Walter Whyte Says—

Technically, market indicates higher prices; influence of news still a basic factor; recommendations on holdings.

By WALTER WHYTE

Reading the "Uptown After 3" column I also get nostalgic for the good old days, though not necessarily the kind that department referred to. My nostalgia is for the days when a market opened with plus marks gathering strength and volume as the minutes flew by; by 10:30 it usually picked up more activity, attributed usually to west coast buying and by 11 or so it was zooming merrily along with the tape behind the market.

* * *

Steel, selling for example at 60, would suddenly go completely crazy when the floor phoned up "Steel bid 65." Customer's men would be hurriedly calling their customers to tell them ". . . the market was very strong. Steel is 61 on the tape and 65 on the floor and I hear—confidentially of course — they're going to take it to 70 before the gong."

* * *

Yes, those were the good old days your dyed in the wool Wall Streeter longs for. Sure, we had our beefs, taxes (remember?). We thought they were big then! Congress was still looked upon as a source for the latest jokes. Customers were not talking about doing something; they were really doing it. The average broker's biggest headache was to stop customers from over-trading. And the customer in turn tried all his wiles on the broker to get him to allow him to buy "just another small lot."

* * *

In those days a man could get up mornings with something to look forward to. Today he wonders if it's worth the effort.

* * *

Yet beneath all this apparent hopelessness and gloom things are gradually improving. I couldn't tell you on what this improvement is based to save my life. Certainly the war isn't the reason. Yet the market—and after all I still judge improvement by what the market does—is picking up. Hardly a day passes but the news doesn't give us a jolt. But the market in its own phlegmatic way either goes up slightly on it or at worst stands still.

In my column of Aug. 6 in discussing the effect of news on the market, I pointed out how prices had risen when the Nazi drive first began. The conclusion being that the Russians would hold them. The averages then at 102 (beginning of the Nazi offensive) moved ahead to about 108. Later, as it was shown that the drive was meeting with greater success, the market backed off to about 105. But, as I pointed out in the same column, the rails being strictly domestic affairs, ". . . not only kept their gains but added to them." I further pointed out that this rail action confirmed a theory that the basic trend of the market changed to the bull side.

* * *

Since that time the market has dawdled along, doing little of importance until Tuesday, Aug. 18. On that day volume increased almost 100% over what it had been for the last few weeks and prices went up with the rails in the lead. It was interesting to see that the same day the market volume picked up the news came from Russia that the Nazis had been driven back from Stalingrad.

* * *

Whether this was the reason for the market advance I don't know. I don't believe the successful attack by our forces against the Japs in the Solomons is the reason either. Yet, whatever the reason the market did go up and by doing so indicated still more advances. The industrials did not go down the four points or so and the rails did not go down the point or two either of which would have changed the market outlook.

* * *

How far it will go up from here is a matter of conjecture. Technically, the market indicates better than just a minor rally. Yet the influence of basic news cannot be overlooked. I therefore believe the advance will be limited to say another 2 or 3 points in the industrials (about 110-111 D. J.) and 1 or 2 points in the rails (28-29 D. J.) before it meets serious resistance.

* * *

Should the news improve in the meanwhile the underlying technical position of the market will reassert itself and take prices still higher. But

(Continued on page 622)

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Late last week the rail market, both in the stock and the bond lists, began to reflect the growing confidence of speculators and investors that an agreement has been reached on the question of the tax base of reorganization railroads, and that it will be included in the Senate's version of the 1942 tax bill. Bonds of the reorganization carriers developed a far more buoyant tone and the equities of those roads which have already passed through the court, such as Erie certificates, Chicago Great Western preferred and Chicago & Eastern Illinois "A" stock, traded in expanding volume at, or close to, the 1942 highs. Any liberalization of original interpretations of the tax law would naturally be calculated to clarify the position of these stocks with respect to dividend prospects.

Equitable tax treatment would also be calculated to expedite reorganization progress of those properties now in the courts, as in many instances important opposition to pending plans is based on the potentially insuperable tax burden if no legislative remedy is provided. One of the strongest arguments of the railroads for a change in the law, and the factor that is expected to bring Treasury support to any compromise amendment, is that the Treasury will probably suffer in the matter of tax receipts if the relief is not forthcoming. It has been held, with considerable logic, that the existing laws would act as an effective bar to consummation of additional reorganizations until after the war when the excess profits tax would presumably be repealed.

If reorganization progress were stopped for the duration, the roads would just be liable for income taxes on the basis of old capitalizations, with their heavy tax free fixed charges. If plans are consummated, the Treasury collects income taxes on the basis of the new capitalizations with their materially lower level of fixed charges. Under present laws it is contended that the invested capital base of the reorganized road would be represented by the face value of new bonds issued and the fair value of the new stocks at the time of issuance. Considering the low prices at which stocks of newly reorganized companies normally sell it is obvious that the burden imposed by excess profits taxes calculated on such an invested capital base would be suicidal.

The best guess at the present time is that a compromise solution to the controversy will at least provide for invested capital based on the stated value of all of the new securities. The railroads would naturally like to maintain their pre-reorganization capital base which would allow them leeway for future property retirements, etc. as tax deductions. It is possible that the final settlement will lie somewhere between these two points of view. In any event the uncertainty, which, incidentally, has forestalled dividend action on Chicago Great Western preferred in the face of adequate reported earnings, will be finally settled over the relatively near term.

In addition to confidence in remedial tax legislation, there are other factors working towards a widening public interest in reorganization bonds. Practically all of these roads are still reporting particularly wide earnings gains, and cash accounts are being correspondingly bolstered. With nothing else to do with the cash being accumulated, the public is beginning to look forward to additional year-end interest payments by some roads and inauguration of payments by others.

Also, in some instances, where plans are not too rigid or too far advanced, it is felt that strong treasury positions may result in the payment of the principal of underlying liens thereby allowing more liberal participation of the remaining bonds in final reorganization plans. The action of the court in the Seaboard case, making inquiries as to the prices at which receivers' certificates might be available for tender, has given impetus to this feeling.

Finally, it is believed that aside from tax considerations reorganization proceedings may be expedited by court decisions this fall, particularly decisions of the Supreme Court on procedure in the Western Pacific and St. Paul reorganizations. These decisions will presumably set up broad precedents which will tend to minimize delays and lost motion in other pending reorganizations. Many railroad analysts are inclined to favor bonds destined to get substantial blocks of new preferred stock for trading purposes, feeling that these will benefit most from favorable tax developments.

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Kalamazoo Bank Officials In The Armed Forces

KALAMAZOO, MICH. — Two officers of the American National Bank of Kalamazoo are serving in the United States Army as Lieutenant Colonels — the two highest ranks held by any residents of Kalamazoo.

Lieut. Col. Dunlap C. Clark is on duty in Washington in the Fiscal Division, S. O. S., and Lieut. Col. Leo F. Kelly is serving with the Eleventh Armored Division at Camp Polk, La.

Colonel Clark, one of the organizers of the American National Bank of Kalamazoo in 1933, has served as President until his call to the colors, when he was elected Chairman of the Board, and Colonel Kelly has been Assistant Cashier since 1938. Both officers are on leave of absence for the duration.

Colonel Clark has been active in the American Bankers Association for many years, resigning his third term as Chairman of the Committee on Membership to enter the service.

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Bank and Insurance Stocks

This Week—Insurance Stocks

Probably the most discussed subject at present, in investment circles, is Inflation and what to do about it. This has been a recurrent phenomenon of the decade just past but, for obvious reasons, the situation now facing us seems eminently more threatening than any that has gone before. We now have real, tangible evidence of shortages in purchasable goods, of vicious wage spirals, of astronomical spending and borrowing. It is no longer a question of **whether** we are going to have inflation but how much and just what its characteristics and effects will be under a system of selective price controls and with "social objectives" a primary political consideration.

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For many classes of people, inflation is simply deflation in sheep's clothing. This is particularly true of those whose scale of living is dependent, in whole or in part, on the income from their investments. Savings bank depositors for example, have already taken a severe cut in their dollar income and their real income is bein reduced even further. How to keep the inflation wolf from the door, ie., how to offset higher expenses and taxes, and, at the same time, succeed in preserving the intrinsic worth of one's capital, that is the time-honored problem of inflation for investors and the managers of investment funds.

Many investors, discouraged with their own efforts and desirous of shifting the burden to other shoulders, have hit upon the idea of buying insurance stocks. Thus far their confidence has been vindicated in most cases. Few organizations have had the length and breadth of experience in handling investments possessed by the insurance companies. Results have been by no means uniform, of course, because human frailty exists in the insurance business just as elsewhere. However, the record of the better-run companies has been outstanding and they have usually managed, through thick and thin, to invest their premium income to advantage without jeopardizing the dollar value of their assets.

Another reason for buying insurance stocks recently has been the belief that they will provide one of the best possible "hedges" against inflation. Historically, insurance stocks have an excellent record in that respect. The case for insurance stocks has been presented, frequently and ably, by many analysts, economists and investment advisers. The theory, in brief, is that inflation leads to a rise in insurable values, larger premium income, lower loss and expense ratios and, in consequence, greater earnings, dividends and liquidating values accruing to insurance company stockholders. Such is the orthodox reasoning and such has been the customary experience when monetary depreciation has occurred. However, faith in the normal has been so shaken in recent years that it is not surprising to find a lack of unanimity regarding the merits of insurance stocks at this time. It may be of interest, therefore, to consider some of the questions raised by those who have definite reservations on that score.

It is pointed out, by these conscientious objectors, that the insurance industry cannot expect to remain immune to taxes, profit restrictions, government competition and all the other impediments which are being visited upon industry as a whole. It is also pointed out that the best grade insurance stocks are selling close to their high prices of the past ten years — and that they are probably selling higher in relation to other similar equities than they ever have before. In other words, some analysts feel that insurance stocks have done so well—up to this point—that they cannot maintain the pace they have set and may, indeed, be more vulnerable than the general run of common stocks. The following table gives the price history of some of the better known insurance issues during the past decade:

	1932-1942 Price Range		
	High	Low	Last
Aetna Casualty	133	15½	124
Aetna (Fire)	69½	13½	48½
American Insurance	18	4½	13¼
American Surety	65	5¾	50
Continental Insur.	46	6¾	38½
Continental Cas'lty	39½	3	32½
Fidelity & Deposit	139	15½	118
Fidelity-Phenix	49¾	6	38
Fireman's Fund	117½	18	93
Firemen's Insur.	15½	2⅝	9¾
Great American	33½	5⅞	25¼
Hartford Fire	94	18¾	84½
Home Insurance	41½	6⅞	26
Ins. Co. of N. A.	84	18¼	64
National Fire	86	17¼	55½
National Liberty	11½	1¾	7¼
National Union	166	9	152
Phoenix Insur.	110	22	82
St. Paul F. & M.	268	70	258
Springfield F. & M.	151	36	115
U. S. Fid. & Guar	30	1¾	27½
U. S. Fire	58½	7½	43½

Naturally, it is hoped, and expected, by everyone that no repetition of the conditions in 1932 and 1933 will take place in the future. Needless to say, the insurance companies were very hard hit at that time and, should inflation ultimately give way to deflation again, history would doubtless repeat itself. But, of course, no one is now thinking in terms of deflation. What it really boils down to is this: inflation or no inflation, will net earnings of the insurance companies be larger or smaller? The problem, as is the case with all other industries, will be to what extent a larger volume of business can be translated into larger earnings—and dividends.

Those who have taken the negative side of the insurance stock argument contend that, under present conditions, it will be virtually impossible for the insurance industry to produce higher net earnings (i.e., higher than the average of the past few years). Underwriting earnings, if any, will be taxed heavily and investment earnings will be harder to maintain. Heavy taxation will be a new experience for the insurance industry which has thus far been unusually fortunate in that respect. A steep increase in the surtax rate would alter the situation materially. With bond interest subject to the surtax and with dividends on common stocks being considerably reduced, investment income of the insurance companies is bound to suffer. As a matter of fact, with the lower effective yield on their investments, there will be a much less satisfactory margin of investment income over principal loss than has usually prevailed. As investors, the insurance companies are in the same boat as everyone else. More securities are being injured than benefited by the war effort, and markets have become increasingly narrow. As a result, flexibility of investment management is largely academic, where large investors are concerned, because they are unable to shift their holdings to any worthwhile extent even when they wish to do so.

Just to add to the confusion, attention is called to the fact that chemicals, coppers and other orthodox "inflation stocks" have been very disappointing in recent months whereas railroad securities, supposedly the last issues in the world to be taken up by the inflation-minded, have been booming. It is inferred, from this, that the best inflation hedges are the securities of companies which have previously been doing very badly, i.e., earning little or nothing. In other words, comes inflation, the last may be first and vice versa: Perhaps that is the answer. Time alone will tell.

Insurance Companies
Banks

Executive, age 45, 22 years' experience in bond and stock brokerage business, wishes position with Insurance Company or Bank or Trust Company in this city where a thorough knowledge of all classes of investment securities is desired. Highest reference. Box INS-7, Financial Chronicle, 25 Spruce St., New York, N. Y.

Interesting Situation

The pessimism over the position of the Corporation and Company debentures of Associated Gas & Electric does not seem warranted, according to a memorandum just issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City, which discusses interesting factors in the case. Copies of the memorandum and the August issue of "The Preferred Stock Guide" may be obtained from G. A. Saxton & Co., Inc., upon request.

No Compromise

President Roosevelt, in a message of greetings to the Jews of America on the occasion of Rosh ha-Shanah, the Jewish New Year which will be observed Sept. 12, pledged that "there shall be no compromise in the struggle against hate, intolerance and bigotry."

The message, issued through the Jewish Telegraphic Agency in Washington on Aug. 11, was as follows:

"Upon the occasion of the Jewish New Year, I extend to the Jewish people of America my heartfelt greetings. The tragic turn of events which has temporarily left many peoples of the world suffering under the harsh domination of foreign dictators has stirred America to the depths and has strengthened our resolution that there shall be no compromise in the struggle against hate, intolerance and bigotry."

Secretary of the Navy Knox and Secretary of the Interior Ickes also issued similar messages.

Mortbon Interesting

A brief summary of the current situation of the Mortbon Corporation of New York, the successor in reorganization to the old Mortgage-Bond Company of New York, has been prepared for distribution by Bristol & Willett, 115 Broadway, New York City, specialists in over-the-counter securities. Copies of this interesting summary may be obtained from Bristol & Willett on request.

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on August 18, 1942, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable October 1, 1942 to the holders of such stock of record at the close of business September 12, 1942.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on August 18, 1942, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable October 1, 1942 to the holders of such stock of record at the close of business September 12, 1942.

W. P. STURTEVANT,
Secretary.

NEW YORK TRANSIT COMPANY
26 Broadway
New York, August 20, 1942.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($5.00 par value) of this Company, payable October 15, 1942 to stockholders of record at the close of business September 25, 1942.

J. R. FAST, Secretary.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 10 cents** a share on Common Stock have been declared, payable September 30, 1942, to respective holders of record August 31, 1942.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS Treasurer
July 28, 1942 Philadelphia, Pa.

The United Gas and Electric Corporation

One Exchange Place, Jersey City, New Jersey
August 19, 1942.

The Board of Directors this day declared a quarterly dividend of one and three quarters per cent (1¾%) on the Preferred Stock of the Corporation, payable September 20, 1942 to stockholders of record September 5, 1942.

J. A. McKENNA, Treasurer.

Newmont Mining Corporation

Dividend No. 56

On August 19, 1942, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable September 15, 1942 to stockholders of record at the close of business August 29, 1942.

H. E. DODGE, *Secretary.*

Magma Copper Company

Dividend No. 80

On August 19, 1942, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable September 15, 1942, to stockholders of record at the close of business August 29, 1942.

H. E. DODGE, *Treasurer.*

KENNECOTT COPPER CORPORATION

120 Broadway, New York City
August 18, 1942.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of fifty cents (50c) a share have today been declared by Kennecott Copper Corporation, payable on September 30, 1942 to stockholders of record at the close of business on August 28, 1942.

A. S. CHEROUNY, Secretary.

Rail Has Possibilities

Securities of the Chicago and North Western Railway offer attractive possibilities, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

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Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 621)

until that happens it's still the wisest plan to play 'em close to the vest.

* * *

Applying this specifically to the stocks you hold the advice is as follows: Air Reduction stop at 31; take half profits at 35 or better. Allis Chalmers stop at 23 (stocksold at 23 last week but didn't break it) half profits 27 or better. International Harvester stop at 44½; take half profits at 50 or better (stock is now 49 bid); Union Carbide stop at 66 (lowest price last week 66½); take half profits at 70 or better. Stock is now at 70. You bought it at 59. This gives you a gross profit of 11 points. Crane stop at 11. Pittston hold as just an out and out speculation.

If you follow the above advice you can't be hurt. If the market goes off you'll be stopped out and what losses you'll take will be taken care of by profits. If the market goes up you'll not only cash in paper profits but will still have a position to ride along with.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

The Securities Salesman's Corner

Two Suggestions For Keeping Up Sales Morale And Confidence In The Job You Are Doing

On July 31, 1942, Butler-Huff & Co. who are are specialists in Insurance and Bank Stocks sent out an interesting memo to Investment Dealers. They frankly stated that they shared the alarms of many other people in the securities business due to the fact that a large number of security salesmen are now reported to be on the verge of leaving the business because of their declining production.

They made the point that many of these experienced men realized that their drop in production was due to their lost enthusiasm and confidence in the job they were trying to do. They offered some excellent ideas for establishing a rebirth of confidence and interest in security selling on the part of many sales organizations.

The suggestion they made which was based upon the normal desire of everyone to share with others, any idea or experience which has made a vivid impression on one's self, is something this column has advocated many times in creating sales incentive and customer interest. In other words, as this memo stated, "The successful security firm today is the one who 'sells' its men so strongly as to create in them the very normal idea to sell the same idea to others." They stressed the advisability of salesmen confining themselves to the securities of one or two industries. In this manner they could so well familiarize themselves with the individual securities they were offering, that their knowledge would approach the point where they could become specialists in these particular fields.

Another worthwhile suggestion for overcoming pessimism and lack of interest in the job we have to do was based upon the human desire "to be in the know." The more we know about anything that may hold unusual interest and likewise be worthwhile telling to another, the more likely is our own interest in a subject to be kept alive and kicking. In respect to Butler-Huff's own interest in the fire insurance industry, and as an example of how to use such inside facts to generate enthusiasm, we take the liberty of quoting from this same memoranda.

"To use the fire insurance industry as an example: A really fascinating story can be built around the coldly mathematical nature of its operation which reduces the dependency of the business on management; upon the part which the industry plays in all human activity by reason of which the law, in effect, insists that the business operates profitably; the basis difference between insurance and other business operations, which explains why the insurance business is so favorably situated from the standpoint of taxation; why the volume trend is constantly upward and why this plus the continuous compounding of invested earnings produces such steady and substantial increases in intrinsic worth and dividend paying capacity."

"These and the limitless number of other features of the industry are being used every day to produce orders and build satisfied clienteles."

There is no substitute for knowledge. acquire all you can get—it will help you to sell. It will also help you to keep your own interest alive in the job you are doing.

B. & O. RR. Interesting

Leroy A. Strasburger & Co., 1 Wall St., New York City, have prepared a descriptive analysis of Baltimore & Ohio Southwestern Division 5s, due 1950, containing interesting data on this issue. Copies of the analysis are available to dealers only and may be had upon request from Leroy A. Strasburger & Co.

War & Oil Production

The effect of the war on oil production was further illustrated recently by news from Washington that California production was falling short of the present demand by 20,000 barrels daily, according to information supplied by Tellier & Co., members of the Eastern Oil Royalty Dealers Association, at 43 Broadway, New York City.

Most encouraging to operators in the Permian Basin in Texas was the news released in Washington recently by Robert E. Allen, Assistant Deputy Petroleum Co-ordinator, that California production was failing to meet the demand on the Pacific Coast and that it would be necessary to move West Texas and New Mexico crude there.

It is the first bit of good news that has come to Basin producers since the transportation problem descended upon the oil industry, necessitating a reduction in the State allowable, of which the brunt fell on West Texas. It was the natural course of events due to the geographical position of the Basin, placing it in a none too favorable position from a transportation standpoint. Then, too, some of the larger purchasers have not been inclined to take the sour crude and bear the added expense of refinery maintenance when they could get more of their own oil elsewhere and market it at a greater profit.

Shortage on Coast

The break for the Basin has developed through the demand on the Pacific Coast which has grown in leaps and bounds from 623,000 barrels daily in April to an estimated 769,000 barrels for August. At Washington, Allen announced the California production was falling short of the current demand by 20,000 barrels daily. This is due to requirements of the Navy and other sources.

Movement of the oil West will be the problem, but this can be met through tank cars, as was a greater part of the shortage in the East. In fact, distances from the Basin to the Western centers are no greater than those to the East. It is only a little farther away than the Gulf Coast, where the Basin oil has met direct competition with most of the oil produced in the Nation.

By taking the crude from Winkler County to El Paso through pipe line systems now existing, the distance to Los Angeles is only slightly longer than the pipe line distance to some of the Texas Gulf ports. There is little doubt but what the crude would be concentrated in El Paso by pipe lines and then moved westward by tank cars.

Dealers interested in learning more about oil royalties are invited to consult with Tellier & Co. and ascertain the many attractive features of this type of security. The firm has specialized in offering royalties to registered dealers for over 10 years and will gladly answer any questions about them.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm change:

Sherman Hoelscher, member of the San Francisco Stock Exchange, retired from partnership in Walston, Hoffman & Goodwin, on Aug. 15.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—40⅜; low—14¾; August 19 price—38⅜.

NYSE Members Vote for Trading Unit Change

Members of the New York Stock Exchange have approved the amendment of Sections 2 and 4 of Article XV of the Constitution relating to commissions and clearance charges on stocks and the change became effective on Aug. 17. The amendment establishes uniform minimum commissions and clearance charges on stocks, irrespective of the size of the trading unit, and removes existing obstacles to the adoption by the Board of Governors of trading units of any size of 100 shares or less, for any stock.

The Board's approval of the amendment and the changes provided by it were noted in these columns of Aug. 6, page 450.

Following the Constitutional amendment, the Board of Governors has made the following changes in the rules, to become effective on Aug. 24, 1942:

Rule 105 has been amended to permit the Board of Governors to adopt for a particular stock any unit of trading of 100 shares or less.

A new rule, No. 114, has been adopted. It is designed to govern trading in and deliveries of stocks which will be dealt in without the use of cabinets in units of less than 100 shares at Posts 1 to 15, inclusive.

Present Rule 114 has been renumbered as Rule 115 and has been amended to eliminate specific regulation of the method of dealing in odd lots of 10-share-unit stocks traded at Post 30 and to eliminate reference to the differentials on odd lots of such stocks. The text of former Rule 114 has been simplified in drafting new Rule 115, but, with the exception noted above, its provisions have not been changed.

Present Rules 115 to 135, inclusive, have been renumbered as Rules 116 to 136, inclusive. Minor changes in references within these rules and within Rule 350 to correspond with the renumbering have been made.

In The Armed Forces

Ronald E. Bopp, formerly with Fullerton & Co., Inc., 8 East Broad Street, Columbus, Ohio, has been inducted into the U. S. Army.

Mark Elworthy, President of Elworthy & Co., 111 Sutter Street, San Francisco, Calif., has been commissioned a major in the U. S. Army Specialist Corps. Major Elworthy will be stationed on the Pacific Coast.

Gordon Foote, of the Bond Department of Francis I. duPont & Co., I Wall Street, New York City, has been commissioned a Lieutenant in the U. S. Army. He has received his orders and will report shortly for active duty with the Army Air Force.

Casualty Stocks Look Good

Stocks of the casualty-surety companies offer particularly attractive possibilities, according to the current issue of "News-Review," distributed by Huff, Geyer & Hecht, Inc., 67 Wall St., New York City. Copies of the "Review," which contains interesting information on a number of casualty insurance companies, and also a summary of the present situation in Pacific Indemnity Co., may be had from Huff, Geyer & Hecht, Inc.. upon request.

AFFILIATED
Fund, Inc.

Prospectus on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

SIMPLICITY IN SELLING

One cannot study the sales literature of the successful investment companies without coming to the firm conviction that simplicity is the keynote of their success.

The flashing folder, the intriguing presentation, the impressively "frock coated" booklet may provide a temporary fillip to sales volume. But the simple ideas are the ones which produce with day-in-and-day-out regularity. These simple sales helps take many different forms. They may tie in directly with the nature of a particular investment company; or they may stress an aspect of our prevailing financial situation; or they may be built around some basic economic principle. But whatever form they may take, the simple sales ideas are universally based on something fundamental.

Take, for example, the little folder recently prepared by Hugh W. Long & Co. for use with Manhattan Bond Fund. It was built entirely around the two basic, simple fact that investors today are faced with higher taxes and lower dividend income. These two problems were depicted on the front cover with such simplicity that the cover seemed almost bare. In rough silhouette a man was shown seated at a desk reading a paper on which could be seen the words, "Higher Taxes." On the opposite wall hung a chart showing a declining zig-zag trend and bearing the title, "Dividend Income." To these two simply-depicted problems the folder offered a SOLUTION! The success of this little sales help was so great that the demand for it exceeded 60,000 copies in the first month.

Another example of the simple idea consistently getting results is the story of "leverage" which Lord, Abbett have built around Affiliated Fund. Leverage is a fundamental characteristic of "Aces" as the Fund is commonly known among Affiliated dealers. Moreover, the leverage principle in investment is as old as the field itself. Even so, the full significance of leverage is not generally understood by the average layman.

Here was a tempting situation—to build up a complicated explanation of leverage for the mystification and befuddlement of the very person for whom the principle had to be made clear—the investor. It is to the credit of Lord, Abbett's sales department that this temptation was ignored. Instead, the fact was driven home that, "For every $1,000 you invest, you will have $2,000-odd working for you." A simple diagram illustrated HOW this leverage principle operated in Affiliated Fund.

The Keystone Corporation has shown considerable imagination in developing sales helps for the distribution of Keystone Custodian Funds. And yet if this writer were to hazard a guess as to the most successful sales idea developed by Keystone in its long and successful distribution of its funds, it would be the "Classes of Securities" idea. This simple, incontestable fact that there are various classes of securities with varying characteristics has been woven into much of the Keystone literature. A recent folder deals entirely with this point and is prepared so that the investor may easily choose the particular class of securities (as represented by the various series of Keystone Custodian Funds) which is most suitable to his particular requirements.

MANHATTAN
BOND FUND
INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PL. JERSEY CITY
634 SO. SPRING ST. LOS ANGELES

One of the most widely-used sales helps in the entire investment company field has been Calvin Bullock's little return postcard mailing on Dividend Shares. Over the years this card has taken various forms but basically it has consisted of the briefly sketched highlights of an attractive investment and the offer to send a descriptive folder upon request. To "request" the folder, the recipient needed only to tear off the return card and drop it in the nearest mail box.

Perhaps the best-known example of simplicity in selling among investment companies is the weekly 'Brevits" of MIT. The very form and make-up of this bulletin are simple. It is, in fact, a most ordinary looking sheet. And the studied simplicity of appearance is carried into the content of the bulletin. There is no pretense. Although the discussions cover a wide range of subjects, the points are clearly made

(Continued on page 628)

INCORPORATED
INVESTORS

Prospectus may be obtained from authorized dealers, or
The PARKER CORPORATION
ONE COURT ST., BOSTON

Municipal News & Notes

Cities and counties in all sections of the nation face a serious financial problem in meeting the "sqeeze" which is developing as a result of declining revenues and rising costs, study of the effects of the first few months of war on local governments emphasizes.

The seriousness of the problem is accentuated by difficulties in making the requisite adjustments on either the income or outgo side. In most cases, it is difficult or impossible to raise additional revenue from present taxes or to add new sources of income. On the other hand, it is exceedingly difficult to curtail expenses without sacrificing what have come to be regarded not only as desirable, but essential municipal functions.

The financial predicament of local governments results in part from the necessity of establishing public budgets some time in advance of actual expenditures. Budgets for 1942 in some cases were set up as long ago as last Summer. Many budgets were made on a "business-as-usual" basis, not allowing for emergency expenditures and the higher costs which have developed as part of the war effort.

More fundamental, however, is the general outlook for lower revenues from local taxes and concern over ability of individuals to pay local taxes in the face of the heavy demands made by the Federal Government. The latter factor, in the opinion of some fiscal officials, may become the most serious factor in the tax picture.

The expectation that the property tax, the backbone of revenues of local governments, will decline within the next two years has been pointed out by the National Association of Assessing Officers. Among the factors in this situation are taking over land by the Federal Government for military uses, lower assessments on inventories of smaller businesses unable to replenish their stocks and a declining value, leading ultimately to lower assessments of properties related to automobile usage.

At the same time, reports from fiscal officers make it clear that local governments are loath to impose new forms of taxes in view of the essential demands of the Federal Government for revenues. One fiscal official reports that his city has given some consideration to a utility tax, but is "extremely reluctant" to increase the local tax burden.

City officials agree that capital expenditures should be curtailed not only as a matter of general policy but also because of inability to obtain materials and the desire to have projects available for the post-war period.

The inability to receive material ordered has created surplus appropriations in some localities.

Likewise, decisions to abandon all public improvements not essential to the war effort, will ease some budget strains. These situations, however, appear to be temporary offsets to other increased expense items, and do not fundamentally improve the picture.

Municipal Tax Proposal Hangs Fire

The Senate Finance Committee may act on a number of Administration proposals when it meets again, but it already has closed the doors on a major recommendation—taxation of income from outstanding State and municipal bonds. This followed the precedent set up by the House Ways and Means Committee. However, the question of taxing future issues of such securities is still open.

In rejecting the former measure the Congressional tax framers have shown good judgment. The plan to tax outstanding issues is open to serious questions of constitutionality, involves a question of good faith and would greatly add to the financial problems of local government.

Both this year and last year an inordinate amount of time, energy and debate has been consumed by the Treasury's pet proposals for eliminating "special privilege." At times it has appeared almost as though some of the Treasury's officials were so absorbed in advancing these tax "reforms" as to be distracted from devoting their best abilities to the formulation of a total tax program for war. Certainly the persistent intrusion of these Treasury favorites into the tax debate has clouded that discussion and exposed the members of the Congressional tax committees to unfair criticism of having "wrecked" the Administration's tax program. It is to be hoped that having failed two years running to obtain acceptance of these particular suggestions the Treasury will shelve them.

Post-War Reserve Fund Building Urged

Recommendations that State and local governments build up reserves for possible postwar lean years and make every effort to reduce existing debt was made last week by the Wisconsin Taxpayers Alliance. The organization said that glowing reports about the improved financial condition of Wisconsin State and local governments had raised the question of what to do with increased tax yields.

Five concrete suggestions, it said, had been made for utilization of excess tax yields. These are: (1) reduce taxes, (2) increase expenditures, (3) increase State aids, (4) reduce public debt, and (5) build up reserves for the future.

Listing arguments for and against adoption of each proposal, the organization decided that higher State and local expenditures would create inflationary tendencies and recommended against higher expenditures unless the war effort created an emergency. Arguments for increasing State aid, it said, were based on the fact that the State had a large cash surplus, and concluded that grants should be based on need, and that the State should put its own financial house in order before aiding localities.

The organization said reserves should be built up because tax yields might fall sharply when revenues were needed, because funds for construction, repair and possibly relief purposes might be required after the war, and because it was less costly to finance Government projects on a cash basis. It added that reserves should also be built up, so that taxes could be reduced after the war, because taxpayers might be hard hit at that time.

It recommended curtailment of debt, so that governments would be in good position to face the time when tax receipts decline.

N. Y. State Fund Investments Show Increase

FLORIDA

FLORIDA MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

New York State's invested funds totaled $323,017 at fiscal year-end June 30, State Comptroller Joseph V. O'Leary reported early this week, including a $194.014.400 holding of New York City bonds. The total compared to $310,259,134 a year previously.

Nearly $33,000,000 has been invested in the last year, principally in New York City securities, issues of various State authorities and United States Treasury bonds at an average yield of 3.25%. Mr. O'Leary estimated the average yield of the State's entire portfolio at 3.6% and a total market value of its investments more than $30,000,000 above par.

Chief source of the invested money is the State Employees' Retirement System, of whose funds $167,650,914 was invested, as compared with $151,510,967 a year ago. The Comptroller also is custodian of highway-debt sinking funds totaling nearly $50,000,000 and the canal-debt sinking funds of more than $89.000.000.

The State holds $4,600,000 of Federal Government bonds, as compared with $800,000 a year ago. Other large investments include $22,702,398 in FHA mortgages, $46,052,726 in bonds of New York State towns, $8,160,614 in village securities, and more than $6,000,000 in bonds of various cities outside New York City.

N. Y. City Debt Margin Now Is $153,050,539

Virtual abandonment of new capital projects, coupled with a general policy of strict economy, has enabled the city to accumulate, as of July 1, 1942, a free margin of $153,050,539 in borrowing power, Comptroller Joseph D. McGoldrick reported early this week in a statement sent to the Board of Estimate, the City Council, the City Planning Commission and Budget Director Kenneth Dayton.

This unreserved margin of borrowing power, the Comptroller declared, probably will be increased to $155,000,000 by Dec. 31, due to accretions to sinking funds, and will be expanded to $421,000,000 by Dec. 31, 1948.

The city's general debt-incurring power on July 1, based on the 10% constitutional limitation totaled $1,643,728,707, according to the report. The total indebtedness within that limitation was $1,433,604,293, leaving a margin of $210,124,414. Of this amount, $18,011,638 has been set aside for balances of specific authorizations approved by the Board of Estimate and for which no contract or other liabilities have been registered. In addition, $39,062,237 has been reserved for remainders of appropriations in the revised capital budget for 1942.

After allowing for these reservations the city's debt margin as of July 1 amounted to $153,050,539, representing the free margin against which additional nonexempt debt may be incurred. This margin, Mr. McGoldrick said, represented a gain of $41,089,648 over the unreserved margin on July 1, 1941, which was $111,960,891. The gain was made in spite of a drop of $10,693,101 in the city's general borrowing margin due to a reduction in average assessed valuation of real estate from $16,544,218,086 to $16,437,287,075.

Mr. McGoldrick attributed the gain in free borrowing margin to accretions to the sinking funds, redemption of serial bonds and to a great extent to reduction of the city's capital budget program because of the war emergency.

Pacific Northwest Forming New Industrial Empire

Observers recently returned from the Pacific Northwest report the rapid formation of embryo Detroits, Pittsburghs and Birminghams, out of what was but a short time back swamps, cow pastures and apple orchards. Today there are acres of concrete buildings pouring out vital materials for thousands of airplanes a year, rushing production of metal alloys for ships and tanks, filling huge orders on carbides and chlorates for explosives and phosphorous for incendiary bombs.

The plants are the birth of an entire new industrial empire, up to the hilt on war production. But, unlike many current war production centers, the Northwest has a chance to go on full speed in peace.

Except for the shipyards, the plants can switch to peace-time work: phosphorous can be used in fertilizers, chlorates in weed killers, and aluminum has a thousand uses.

It's an electrical empire far removed from the old source of power—coal—and it's drawing attention to the Northwest.

Many factory men—from the Eastern coal field area—have rushed up annexes as large as the home plants. Daily, planes and trains drop scores more in Portland and in Seattle for a quick look-see at what's happening.

Phila. Bond Refunding Seen Excellent Move

Philadelphia's voluntary advance refunding of callable bonds, which began in June, 1941, and ended last June 15, will result in an eventual interest saving of $18,082,424, according to the Bureau of Municipal Research.

The Bureau said that holders of 30 different bonds issues which would have become callable in the six years, 1942-1947, turned in $83,389,200 worth of bonds for exchange. On this amount the average rate of interest was 4.2227%, and the annual amounts of interest $3,525,207.

On the new bonds offered for the old ones, however, the average rate of interest is 3.085%, and represents an annual reduction of $952,917 in the amount of interest.

The new bonds were offered on the basis that they would bear the old rates of interest (4 to 4½%) until the first call dates of the old bonds and a lower rate (2¼ to 3¼) thereafter.

Nassau County Told It Can Further Reduce Debt

J. Russell Sprague, Nassau County Executive, announced recently at the meeting of the County Board of Supervisors that Nassau County's net debt of about $53,000,000 would be reduced this year by $2,710,000 instead of the $1,710,000 he had promised last Nov. 10 in his 1942 budget message to the board.

Bonds of the county to the amount of $4,248,000 fall due this year. The County Executive had purposed to issue $2,538,000 in new bonds to meet the obligation and make up the rest out of income. Reduction in county expenditures, however, he said, would make it necessary to issue only $1.538,000 in new bonds for this purpose.

In addition, said Mr. Sprague, $5,660,000 of the county debt was being refunded at a lower interest rate and Lehman Brothers, the company handling the project, reported that $4.346.000 of the old bonds already had been turned in for the new ones, which indicated, he said, the sound credit of Nassau County.

"Constant curtailment of governmental expenditures," said Mr. Sprague, and careful planning have constantly improved the county's financial position. Decreased interest rates secured by the county year after year show that the buyers of Nassau County securities consider them a sound investment."

San Antonio To Buy Light Plant

City officials of San Antonio, Texas, issued last Friday a call for bids on a new issue of $33,950,000 of electric power and light and gas distributing system bonds dated Aug. 1, 1942, and due serially on July 1, 1944 to 1972. Bids will be opened next Monday. Bidders are asked to name the rate of interest at not to exceed 3½%.

Proceeds of this financing will be used for the acquisition of the physical properties of the San Antonio Public Service Company, a subsidiary of the American Light and Traction Company, a unit of the United Light and Power Company system. This system is scheduled to be dissolved in conformity with the "death sentence" provisions of the Public Utility Holding Company Act.

The formal call for bids was interpreted in New York public utility and banking circles as bringing to a close a controversy between San Antonio and the Guadalupe Blanco Authority, a Federal power project, as to which had the right to acquire the San Antonia Public Service Company properties. Several weeks ago the Authority took the city into court in an attempt to halt consummation of a contract between American Light and Traction officials and the city for purchase of the utility by the latter.

Ohio Record Surplus Forecast

Despite losses in revenues derived from the 3% sales tax and the gasoline tax, William S. Evatt, Ohio Tax Commissioner, ventures the prediction that the State will witness a surplus of $23,000,000 in 1942—the best on record.

This prediction is in sharp contrast to the general belief held by Governor Bricker and other State officials early this year that the revenue decline would be so great the $13.000,000 surplus on hand at the close of 1941 would be required as a cushion for normal operations of State government during 1942 and 1943.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

August 24

$33,950,000 San Antonio, Texas

This is an offering of electric light and power plant and gas distribution systems bonds; to be used in the acquisition of such properties. No similar sale has been negotiated by the city and this offering may attract different bidders than those interested in general obligations.

September 1

$485,000 Maryland (State of)

This certificate offering, maturing in 1945 to 1954, is included here because of general reader interest. State awarded long-term certificates last February to Clark, Dodge & Co. of New York, whose bid topped the joint offer of Harriman Ripley & Co., Inc., and the First Boston Corporation.

September 22

$500.000 Honolulu, Hawaii

In June, 1941, the above city and county awarded an issue to Dean Witter & Co. of San Francisco. The only other bid for the bonds was submitted by the Bank of Hawaii, Honolulu.

Text Of Statement Made By Frank Dunne In SEC Hearing On Minimum Capital Proposal

We give herewith in full statement made by Frank Dunne, President of the New York Security Dealers Association, at the hearing conducted by the Securities and Exchange Commission at Philadelphia, on Aug. 13, on the proposed minimum capital by-law to the rules and regulations of the NASD:

My name is Frank Dunne, of Dunne & Company, 30 Broad Street, New York, Broker-Dealer in securities. I am President of the New York Security Dealers Association formed in 1926 which makes it the oldest trade association of over-the-counter dealers in the country. I am also a member of the New York District Committee of the National Association of Securities Dealers, Inc. I should like to make it clear that I am representing here only the New York Security Dealers Association. I deem it a privilege to appear before you to express my views, and I appreciate that privilege.

Let me state at the outset that I do not intend to discuss the merits, nor do I oppose the principle of minimum capital requirements for security dealers. What I am here concerned with is the sponsorship of minimum capital requirements by the NASD, and the circumstances surrounding the vote on this proposal taken by the Association.

It might seem strange to some to find me here today to plead for your disapproval of the amendment to Article I. Section 1 of the By-Laws of the National Association of Securities Dealers, Inc. which sets minimum capital requirements as a requisite for membership in that Association, because the New York Security Dealers Association had such a requirement for admission to its membership. And further as the records show, and some of you who were then present will recall, at the first meeting held by the Commission in Washington in December of 1937 to which representatives of the Over-the-Counter industry from various parts of the country were invited to discuss the proposed Maloney Act, I was the only one of all those present who asked that minimum capital requirements be made a requisite for membership in any associations to be set up under the contemplated legislation. In making such a request, I was following out the instructions given me by my Board of Governors.

At that time I was new at the business of appearing in public. But I believed that as long as I was allowed to talk there was a chance for me to get my point over. After I had prolonged the hearing for some time by advocating minimum capital requirements, Justice Douglas, who was then Chairman of the Commission conferred with Judge Healy at his right. The Justice then asked me if I thought the New York Security Dealers would be satisfied if the Bill were to provide for an affiliate Association that could have minimum capital requirements as a requisite for membership.

I relate this incident to bring out the fact that Justice Douglas and the others who originated this legislation, known as the Maloney Act, very definitely had in mind that this Association should not make capital requirements a requisite for membership. When it became apparent that an association would be set up under SEC supervision for self-regulation in this industry, the New York Security Dealers Association, in order to attune itself to the new conditions, discontinued its provisions for minimum capital requirements and decided to become purely a trade association. Subsequently it discontinued its quotation and uniform practice functions, turning these over to the NASD.

Let us take a moment to look and see what the National Association of Securities Dealers, Inc. is. Its origin is found in the Securities Exchange Act of 1934, as amended. It is chartered, if you will, by the Securities & Exchange Commission, which has a large measure of control and supervision over it. It is therefore practically a public institution.

It was my privilege to attend various conferences of the Commission and representatives of the securities business leading up to the drafting of the Maloney Act. I was a member of the drafting committee that drew up the By-Laws of the NASD. I feel therefore that as a result of that experience I am qualified to testify that no one intended that either the NASD or any other national association that might be organized in the future, should have selective membership requirements. On the contrary, such associations were to be completely democratic and all-inclusive of registered Broker-Dealers in the Over-the-counter business. That objective can not be achieved if you permit the NASD to make wealth, rather than honesty and integrity the requisite for membership.

Under Section 15 A (b), an association may not be registered unless it appears to the Commission that its rules provide that **any broker or dealer** may become a member, except such as are excluded pursuant to Paragraph (4) of Section 15 A (b). As you know, this paragraph relates to individuals who have been suspended or expelled from registered securities associations or exchanges, or whose registrations have been denied or revoked, and so forth.

It would thus appear that any broker or dealer who has not run afoul of the law is entitled to membership in an association, notwithstanding the fact that he may have a very small amount of capital employed in his business. This seems to have been the intention of Congress, for the House Committee Report, No. 2307, 75th Congress, Third Session, says as to Section 15 A (b) 3:

"The broad purpose of this paragraph is to make sure that all brokers and dealers who conduct an honest and responsible business shall be eligible for membership in some association. Particular associations may, however, by their rules, restrict membership therein, on such specific geographical basis such specific basis relating to the type of business done by their members, or on such other specific and appropriate basis as appears to the Commission to be necessary or appropriate in the public interest or for the protection of investors and to carry out the principles of the new Section 15 A. Thus, an association, membership in which is limited to brokers and dealers from some designated geographical region or to brokers and dealers transacting business exclusively in a particular class of securities, may be eligible for registration."

It seems to me that the only portion of the above quotation that could possibly cause anyone to doubt that Congress wished all brokers and dealers with clear records to be eligible for membership, is the language "or on such other specific and appropriate basis as appears to the Commission to be necessary or appropriate," etc., but even assuming that this language does create some doubt as to whether brokers and dealers having less than $2,500 net capital clearing through others, or $5,000 net capital, clearing for themselves, can be excluded from a particular registered association, it seems to me clear that they are eligible for membership in some association. It would not be practical for the Broker-Dealers who would be expelled from NASD because of lack of capital to organize a separate association under the Act as is their right. No group should be permitted to bring about such a condition which, as a practical matter, is tantamount to depriving those less fortunate Broker-Dealers of their rights under the Act.

When we consider that the NASD was designed to encompass all groups in the securities business, without regard to their geographical location or the type of business done by them, the only logical conclusion I can reach is that all responsible Broker-Dealers are eligible for membership.

Under Section 15 A (b) 7, it is provided in part, that in order to be registered, the rules of an association must not be designed to permit unfair discrimination between brokers or dealers. Certainly the effect of the new rule would be discriminatory when we consider that members may not deal with any non-member, except at the same price, with the same commissions or fees and on the same terms and conditions as are accorded to the general public.

Inability to trade as a professional places those excluded because of the minimum capital rule at a distinct disadvantage. I am sure we will all agree that it was never intended to discriminate against certain Broker-Dealers and deprive them of an opportunity to make a living.

My suggestion is that if the idea of minimum capital requirements is sound, if it is necessary for the protection of investors, then such requirements should be imposed upon all dealers whether or not they belong to an Association. If such requirements are desirable, they should be adopted by this Commission which has the necessary power, and not by the NASD which does not.

This Commission's power to prescribe rules and regulations to provide safeguards with respect to the financial responsibility of brokers and dealers under Section 15 (c) (3) of the 1934 Act is certainly sufficient for this purpose.

The make-up of the NASD management has aroused in the minds of many a suspicion of what may well be the real purpose of the amendment of Article I, Section 1. It is thought that the Association is dominated by large houses whose objective may be to secure permanently their hold on the whole industry, and that these interests hope to benefit from the destruction of several hundred small dealers. Perhaps they see this change as a tightening of their grip on the entire Over-the-Counter field. It would appear from the printed matter which emanated from the Association that the proposed minimums of $5,000 and $2,500, respectively, are considered just a step in the desired direction. Consequently, the Association's power to impose such requirements if now established, there is no reason to assume that the requirements will not be raised from time to time whenever the big fellows decide to eliminate some more competitors.

I now come to the gist of my argument namely the undemocratic method used by the Association in forcing the adoption of the amendment Article I, Section 1 of its By-Laws. I use the phrase "in forcing the adoption" advisedly. I am quite convinced, as I shall soon explain, that in fact this amendment was **rejected by the majority membership.** The method used by the NASD in the handling of the ballot on this proposal is one reason for the distrust felt by many of the Association's good faith in this matter. The great power for good or evil which the large houses wield over the small dealers in the security business would make a secret ballot on a proposal of this nature absolutely imperative, were it intended that such vote be a true expression of the member's views. Article IX of the By-Laws of NASD relating to amendments to the By-Laws, does not specify whether the voting should be secret or not. In view of this, would it not have been logical to follow other voting procedure under the By-Laws such as the provisions requiring that the election of Governors and District Committeemen shall be by secret ballot. However, the signed ballot was used by the Association and, consequently, any claim that democratic procedure was followed could be nothing but a pious fraud. Although perhaps of minor importance, even the form of the ballot was designed to confuse rather than clarify. The ballot was divided in two parts, one designed to signify blanket approval or disapproval of all the amendments, and the second providing separate spaces for approval or disapproval of the individual amendments. Equal weight was given to all amendments and in no place was it specified or called to the attention of the members that the minimum capital requirement amendment was of greater fundamental importance to them than any of the others, as the adoption of this amendment would be tantamount to the expulsion of many of them from the NASD.

I wish to emphasize that the provision for minimum capital requirements, unlike the subjects of the other amendments is of fundamental importance and as such falls into the classification of matters having particular significance to the membership. I therefore maintain that an important change such as this should be made only upon approval by a substantial majority of the membership as is required by the statutes governing voting by holders of corporate securities, which make the clear distinction between voting on routine matters, and voting on questions of particular broad significance to the well being of the corporation. For routine business, it is commonly required that only a quorum be present in which case the wishes of a majority of those present govern. In the case of sale of a large part of a corporation's assets. or similar matters, a majority of a quorum is practically never deemed sufficient. On questions of such special importance the holders of a large portion of the total number of outstanding securities must be lined up in favor of the proposal, usually 75% or more. It seems clear that a similar procedure should have been followed by the Association, with respect to Article I. Section 1 in view of its significance to the membership. In contract with such a desirable procedure. this amendment was adopted by a minority of the membership. The Association had 2,631 members of which 1,939, or 73%, voted. Of the 1,939, 1,197, or 45% of the total membership, voted "for" and 738 "against." The result of the vote means that the amendment was adopted by 45% of the membership. Those who did not vote were certainly not in favor of the amendment. If we should add their number to those who voted against it, then the amendment would have been defeated. I must again point out that about 28% of the total membership actually voted against it.

Now you will ask and rightfully so, why I suggest that those who did not vote were against the amendment. The reason for this is the atmosphere in which the vote was conducted. I may even go further and say that many who approve the amendment officially, were privately against it. As I have already pointed out, this was not a secret ballot as it should have been. The large houses with few exceptions automatically voted in favor of the proposal because they believed it was in their favor. The small houses in many cases simply did not dare to vote against it for fear of reprisals.

The background of subtle intimidation was so threatening that very few of the firms which wrote open letters on the subject to the "Commercial & Financial Chronicle" permitted the "Chronicle" to publish their names. Some even went so far as to stipulate that not even the States in which they were located should be disclosed. Surely in such an atmosphere a secret poll would have been the first and minimum requirement for a true vote. The failure of many members to vote against the proposal in line with their real views is only a part of the distortion caused by the menace of reprisals. It has come to my attention that some members who voted in favor of the proposal were in fact opposed to it but did not even dare not to vote. They feared that if they failed to vote that also would be held against them by those on whose good will and patronage they are seriously dependent.

Remembering that even under the circumstances of pressure, open ballot and fear of reprisals, only 45% of the membership voted for the amendment, the conclusion is inescapable that the majority definitely does not favor it. I believe that Article I, Section 1 should not be adopted unless voted upon affirmatively by a substantial majority of the total membership using a secret ballot and doing so in an atmosphere favorable to free expression of their views.

In conclusion I would like to say that if the NASD is permitted to adopt this amendment to its By-Laws, it is my opinion that it will be the cause of disintegration of the Association which all reputable Broker-Dealers would regret. We would rather see an effort made to make the Association more inclusive of the business than it is now. That would be in keeping with the philosophy of the framers of the Act, and the founders of the NASD.

When we organized the NASD we assumed a responsibility to the public and the industry—that responsibility still exists even to a greater degree. We should not shirk it. It is thought by some that the enforcement of minimum capital requirements will eliminate the so-called "fringe" and thereby reduce complaints and attendant expenses in handling them. That in my opinion is a wrong concept. As to the matter of complaints, I can speak only of District No. 13, which includes New Jersey, Connecticut and New York, where the number of complaints to date is about evenly divided between those having less than $5,000 in capital and others.

Rather than do anything to reduce our membership, I advocate that we make an effort to attract all Over-the-Counter houses to join with us to make more effective the great privilege given us under the Maloney Act—that is, the self-regulation of our business. We should do everything possible to preserve and strengthen that privilege. Because of that and the other reasons I have given, I strongly urge the Commission to disapprove the adoption of the amendment for minimum capital requirements.

War Appropriations Total $205 Billions

A compilation of Congress' fiscal activity shows that the staggering sum of $205,514,657,286 had been appropriated or authorized between July 1, 1940, to June 30, 1943, for the expenditure to provide the nation's defense and war needs, according to Associated Press Washington advices of Aug. 7.

The figures, including a breakdown of both war-necessitated and "normal" appropriations voted this year, were prepared by the Bureau of the Budget and were placed in the "Congressional Record" by Senator Glass (D., Va.), and Representative Cannon (D., Mo.), Chairman of the Senate and House Appropriations Committee.

The Associated Press advices went on to say:

"Of the $139,770,114,641 appropriated during this session, Mr. Cannon pointed out that approximately $133,370,000,000 was earmarked for war purposes while $6,400,000,000 was tagged for ordinary expenses.

'Mr. Glass, in his analysis, declared Congress had reduced appropriations for normal activities of Government by $1,667,005,150.89 below last year's figures, and made increases in that category of $579,872,154, leaving a net cut of $1,087,132,996.71.

"In citing the three-year $205,514,657,286 total on the books for war expenditures, Mr. Cannon emphasized that the figure did not represent actual expenditures.

" 'Appropriations and authorizations,' he said, 'need to be made far in advance in order that programs of orders for material, weapons, naval vessels, merchant ships and all other war-effort requirements may be integrated with the recruitment and training of manpower, and the long range planning and conduct of the war in the various theaters of action where that war may be fought.'

"He said that the expenditure burden had been heavy in the fiscal year of 1942, 'will be heavier in the fiscal year 1943, and beyond that will be determined by the course of the war.'

"The Budget Bureau's figures on actual expenditures for war purposes:

Fiscal year 1941	$6,301,000,000
Fiscal year 1942	25,954,000,000
*Fiscal year 1943	67,000,000,000

*Estimated.

"Chief cuts in 'normal' appropriations, as listed by Mr. Glass, included:

Executive office of President	$34,743,760
Emergency Relief, W.P.A.	595,000,000
National Youth Administration	83,767,000
Civilian Conservation Corps	246,960,000
Public Roads	50,300,000
Public Bldgs. Administration	34,584,576
Department of Agriculture	402,656,521
Department of Commerce	7,639,316
Interior Department	63,056,814
Tennessee Valley Authority	60,700,000
Veterans Administration	9,838,400
State Department	4,554,840
Treasury Department	31,606,595

"Simultaneously, Mr. Cannon reported that the total gross public debt on June 30, 1942, was $72,422,000,000, and estimated that it would reach $125,443,000,000 by that date next year."

Chicago Home Loan Bank Advances Up In July

Advances by the Federal Home Loan Bank of Chicago totaled $697,074 in July, making it the second most active July in the past five years in disbursements to the Illinois and Wisconsin savings, building and loan associations, the bank announced on Aug. 10. A. R. Gardner, President of the bank, said that there was the usual seasonal fall off in the associations' demand for bank funds between June and July, and that repayments on loans outstanding, usually heavy in July, reached a new high last month. This is in line with a trend which has been noted ever since spring and is a consistent anti-inflationary influence, he indicated.

Dealers Continue Attacks On Bid & Asked Rule; Public Interest Held Imperiled by SEC Plan

(Continued from page 619)

ciple of auction trading. The function of the negotiator (dealer) is fundamental.

The proponents of Rule X-15CL-10 fail to recognize the economic necessity of the over-the-counter market. They ignore the fact that unless or until an issue possesses or acquires certain essential characteristics, it cannot be supported by an auction (exchange) market. These essentials include:

Widespread distribution.
Sustained public interest.
Established corporate history.
Periodic publishing of full financial statements.
Dissemination of such reports and other information.

Obviously, the securities of many entirely sound issuers may never attain all of the above prerequisites. No arbitrary rules or regulations can ever confer auction market characteristics on issues which do not inherently possess them.

As to the manner and method by which application of Rule X-15CL-10 would "kill" the over-the-counter market, consider the following:

Securities are, in a sense, a "manufactured" product and hence are subject to the same customs, procedures and influences. Whether the issuer be a large, established corporation engaging in a normal refunding operation, or whether the financing involves a new venture of risk capital, the "manufacturing," "distributing" and "marketing" of the new issue entails the study of kindred fundamentals. An analysis of current conditions determines the rate, maturity, redemption and sinking fund provisions and the nature of the issue, whether it is to be a bond, debenture, preferred or common stock. The security is originally tailored to fit the times, with a keen eye cast on the laws of supply and demand and careful consideration being given to comparable issues already available. Once distributed and sold, the issue becomes "seasoned" and takes its competitive place in the field of outstanding securities. It is in the public interest that the issue be accorded a continuing market, according to its merits and subject to such influences and developments as may ensue. As such, it becomes part of the composite pattern that makes up the market.

As stated above, the ratio of issues possessing "exchange market" characteristics is limited by fact and cannot be changed by fancy. It could serve no good purpose, in the public interest or otherwise, to demoralize or destroy the markets for ineligible issues which would assuredly take place if they were to be subjected to exchange market principles of trading.

The proponents of the Rule apparently do not recognize that unlisted dealers perform any economic service in developing public interest, which, in turn, sustains the market for securities ineligible for exchange trading. Nor do the proponents of the Rule appear to recognize the principles of merchandising in effect throughout the history of all business.

"Cost of Sales" and "Administrative Expense" are proper and normal charges in the conduct of any entrepreneur business enterprise. These items appear on every balance sheet. But in no commercial business in the world is it either the custom or the law to disclose wholesale cost prices to retail customers.

The retail distributor of unlisted securities maintains an organization of salesmen. They require the service of a trading department and a statistical department. The dealer must provide analytical reports, quotation services, clerical and stenographic help, advertising, telephones, sales helps and many facilities necessary to render his service, efficient and effective. He gives unstintingly of his counsel and experience. He employs and risks his own capital and constantly stakes his reputation on his own judgment. If he is honest and sincere, he has a moderate chance of success. If he violates the principles of good business, he fails by losing his customers, or, by transgressing already clearly-defined laws, he becomes subject to criminal prosecution and thereby eliminates himself.

Because of the very nature of his business and the manner in which it is organized, he cannot exist on gross profits comparable to stock exchange commissions. There is little similarity in the organization of an unlisted distributing house and a stock exchange firm. The dealer must create, discover, develop and service his markets. The exchange member performs a mechanical function in a market which already exists. For this he properly receives a nominal fixed fee.

The proposal of Rule X-15CL-10 to publish an "inside" quotation to the customer is in itself no true indication of the cost of the security to the distributing dealer. Example: The "Street market" in XYZ stock is 19½ bid, 20 asked. A salesman sells 100 shares of XYZ stock to a customer at 20½. The customer, receiving with his confirmation, a quotation of 19½-20 calculates that he has paid the dealer $50 profit. By comparison with a commission chart, he finds he could have bought the stock through Members & Co. for a commission charge of $17.50, whereupon he decides to do no more business with the salesman or the house that interested him in the investment. Now, out of the $50 gross profit, the dealer pays the salesman $25. In addition, he pays Federal and State taxes on the sale. In this particular instance, the dealer's statistician had ordered a special report on the XYZ Company and had made a trip to inspect the plant and properties. The salesman made three trips by automobile to close the sale. The dealer's Trading Department had found the "inside" market to be in a distant city and an exchange of telegrams was required to purchase the stock. When the certificate was received, it was transferred into the customer's name and delivered by registered mail, insured. Question: What was the cost of the stock? Certainly, not 20!

If the motivating force behind the proposal of Rule X-15CL-10 is to protect the investor against unconscionable profits, certainly no such devastating procedure is required. The laws against fraud, deceit and insufficient disclosure are already clear and effective. In our opinion, a clarification of allowable profit ceilings is all that need be applied. The present general assumption that the maximum shall not exceed 10% of the amount involved is not equitably applicable to all price ranges. For example, a gross profit of 10 cents per share on a stock selling at $1 is reasonable while 10 points on a bond selling at par could not be justified. We believe such a schedule could be worked out based on a declining percentage as the price of the security increased. It could be clearly set forth and readily enforced. In any special situations where exceptions might be sought, it could be required that permission be obtained prior to consummation of the transaction.—(From a Philadelphia Dealer)

DEALER No. 9

Walter S. Grubbs, of Walter S. Grubbs & Co., St. Paul, Minn., sent the following letter to the National Association of Securities Dealers, Inc., Philadelphia, Pa.:

Re: Proposed Rule X-15C1-10

We are one of the security dealers in receipt of the above proposed rule from you, with your request that we make our comments.

The writer of this letter has been active in the security business in the capacity of a securities dealer for some 30 years and is, therefore, somewhat qualified to make comments on matters that pertain to this business.

Necessarily, in the conduct of the business, in the buying and selling of securities, a reasonable profit is to be implied or otherwise the investment banker would not be in business and the present rules and regulations provide for the protection of the public. However, if the proposed rule implying the exercise of reasonable diligence be applied, the investment dealer more or less at all times is subject to criminal liability in determining what degree of reasonable diligence has been exercised, and it is altogether reasonable to expect the rule to curtail and force the investment dealer out of business without accomplishing any direct benefit to the investing public.

The justification for the economic existence of the many hundred investment dealers throughout the country is evidenced by the economic services that these investment dealers render in providing markets for the many billion dollars of securities that are outstanding in the hands of the public. Likewise, in giving support to the distribution of securities for corporate purposes and otherwise, as for instance the distribution, which has been made in the last several years, of the lower coupon rate of securities, namely that of 3%, 3¼% and 3½% as the result of the refunding of higher coupon securities, namely, that of 5% or more, thereby allowing the corporations and the borrower to have the use of funds on a lower coupon basis and, likewise, permitting the Federal Government to receive increased Federal income taxes from that of the larger net earnings after fixed charges of these borrowing corporations.

Yours very truly,
WALTER S. GRUBBS & CO.

DEALER No. 10

A Lancaster, Pa., dealer furnishes us with the following copy of their letter, addressed to Ganson Purcell, Chairman, Securities and Exchange Commission:

Allow me a few comments re: The operations of the SEC and the NASD.

If the new proposed regulations of the NASD become operative, the NASD will lose upward of half its membership, a goodly number will not be able to qualify, and a larger number will withdraw to show their resentment and disapproval.

If the new proposed regulation of the SEC requiring dealers to disclose their profit margin becomes effective, the result will be sudden death for the whole securities business.

It seems to me that the burden of regulations and restrictions imposed by the SEC has up to now meant slow death for the Investment Banking business. This policy of our Government has been difficult for me to fathom, unless the aim is to liquidate the business. If this is not the intention, it is nevertheless the result.

I hope there will be a change of heart and easement shown by your Bureau as I for one have been engaged in the business for over 30 years, have always done an honorable business, have had no complaints, have made a decent living, but cannot afford to retire as yet.

Why shouldn't merchants in Stocks and Bonds be allowed to operate along the same general principals as merchants in other lines of goods?

DEALER No. 11

An anonymous dealer furnishes us with the following copy of a letter addressed by him to his Senator:

My dear Senator:

Allow me the privilege of submitting to you the proposed ruling of the Securities and Exchange Commission and an editorial in the "COMMERCIAL and FINANCIAL CHRONICLE," pointing out the distinctly un-American features of this ruling. I believe that you would do a service to the country if this proposed rule was read in the open Senate and excerpts of the enclosed editorial mentioned.

It is most discouraging to be requested by the Secretary of Treasury, urging members of the investment industry to assist in the sale of war bonds, without being waylaid by another government agency that is endeavoring to destroy the entire bond business.

We believe that the bond business has already performed a very patriotic and noteworthy achievement in the sale of Government bonds so far. We do this willingly to finance our Government cost in this war, but we regret that there are other agencies of the same Government that are taking advantage of this fraternity.

Appreciating your courtesy in this matter and trusting that I may have the pleasure of receiving your comments, I remain—

DEALER No. 12

I notice an article in your issue of Aug. 6, by Joseph Haynes, in connection with the proposal of the SEC to force a disclosure of profit on the part of over-the-counter dealers in securities, closing with your invitation to readers for their comments and opinions.

There seems to be a great deal of confusion regarding the practice of over-the-counter dealers in connection with the sale of unlisted securities to the public, and I regret to say that the article serves to accentuate the confusion.

The main reason for regulation by the SEC of these transactions is the fact that over-the-counter dealers can make a profit of from ½ a point to 5 points or more on unlisted securities, while the investor is in no position to check the market properly, especially in the case of very inactive securities. In cases where a dealer will take a position in a security, buying quantities with his own funds, and taking the usual risks, he is entitled to a profit, even a profit which may seem unreasonable to some people. However, in the case of a security which a dealer will buy on an order from a private individual, in the open market, and then will tack on a profit, rather than charge the usual commission, that profit should represent the value of the services only, because practically no risk has been taken.

Even in the case where an unlisted securities' dealer can properly make a profit, the cost of the security to the individual should not exceed the "offered" price of that particular security quoted publicly by other similar dealers.

It is evident that what has started the SEC on the trail of dealers who make an unreasonable profit is the fact that some dealers have charged 1 or 2 points for services or advice in connection with special situations. In fact, some Stock Exchange Houses have been known to make such charges even in connection with listed securities on the theory that they had spent time and money in ferreting out these special situations which had been ignored by other people. These charges involve securities of companies in reorganization, the theoretical value which had been ignored by other dealers or the investing public, and those dealers have claimed that the service they rendered was worth more than the usual commission which might be ⅛ or ¼.

There is no doubt that the practice of such dealers in charging for services is proper, if they have had exclusive information regarding a particular security, or if the investor is entirely satisfied to pay for those services. However, in such cases, perhaps the SEC should issue further regulations so that dealers who wish to work in that fashion should receive special permission by qualifying as "investment counsel," or something like that, and further by disclosing on the confirmation slip, not only the price at which the security had been bought (or sold in case advice to sell is given), as well as a notation that a charge of 1 or 2 points is made for such services.

In that manner, all parties would be placed on notice of the facts in the case and the "truth in securities" provision of the Securities Act would be properly observed.

It seems that in the interest of "fair play" something like the above should be inaugurated and should be supported by your publication. I trust, therefore, that you will publish this letter, in full.—(From Luigi Criscuolo, New York City)

DEALER No. 13

A Miami, Florida, dealer furnishes us with the following copy of a letter addressed by them to the National Association of Securities Dealers, Inc.:

We have received your circular letter of the 31st, enclosing Proposed Rule of the Securities and Exchange Commission wherein dealers are required to place before purchaser or seller at the time of purchase or sale, a bid and ask price on the security being handled.

You asked that dealers make comments regarding this proposed rule and same be forwarded to you promptly. This rule if made effective will, in our opinion, eliminate over-the-counter dealers throughout the country.

It is human nature to pay as small a margin of profit for anything that is purchased whether it be stock, a suit of clothes, or a commodity and when the bid and ask price is disclosed it forces the trade in a security to such a close margin that an over-the-counter dealer, in our opinion, could not survive.

It is merely for the Securities and Exchange Commission to determine whether they wish to eliminate the over-the-counter dealers and if so this proposed rule will serve that purpose perfectly.

It is our contention that a legitimate and reasonable margin of profit should be allowed the dealer and that the Securities and Exchange Commission should name the margin of profit that is to be used rather than to handle it in the manner proposed; that is, unless the over-the-counter dealer is an industry that the Securities and Exchange Commission feels should no longer exist.

We do not believe in prohibitive profits, but do believe in a livable margin of profit being allowed.

We are very necessarily opposed to the rule and hope that it will not be found necessary to evoke it.

DEALER No. 14

Despite any amount of policing there will always be crime. No matter how diligently the SEC may work there will always be a shady, disreputable "con" man ready for an easy mark. For the sake of argument, let's assume that I am a security salesman with no sense of ethics and am willing to take the usual risks in swindling people. A crook always takes some risk whatever his undertaking may be but now, with proposed rule X-15-C-1-10 the SEC has considerably helped me fleece my customer.

Cannot the sagacious SEC understand how I could use their ruling to reap a harvest? Extremely simple. To begin with, I very carefully explain to my sheep the full text and meaning of the ruling. What a delicious sleeping pill for them to swallow. Then comes the razzle-dazzle spell-binding sales talk and always interpolating during my talk about how the SEC is my monitor and my sheep's guardian angel. Then with the sale made, I simply give to him in writing the "inside" bid and asked market. I say "inside" because I mean inside my hat. A mere figment of my imagination is the market I quote to the lulled sheep. How easy it was to take him and fleece him. Not a suspicion ever arose in his mind. And I laugh and laugh because who gave me this sleeping pill? The SEC did.

When will the SEC learn that honesty cannot be legislated into any industry? The medical profession will always have its share of quacks and abortionists, the lawyers their ambulance chasers, banks their absconding cashiers and we in the security business will always be plagued by fly by night salesmen and dealers. Each profession tries its best to keep its house clean and I know that every legitimate broker and dealer would cooperate wholeheartedly with the SEC to keep our house clean. Can't the SEC find a better way than wholesale extermination to bring about better cusomer-dealer relationship? This present ruling is comparable to sinking the ocean liner in order to be rid of the few hundred rats which are on board.—(From a Maryland Dealer)

DEALER No. 15

Referring to the proposed rule X-15C1-10 DISCLOSURE OF MARKET PRICE. What market price?—WHOLESALE market or RETAIL market.

It was late in 1940 that the NASD attempted to work out a legitimate spread for newspaper quotations on over-the-counter securities. After mature consideration, the NASD adopted a basic formula for retail quotations, which would permit a dealer in securities to make a fair profit on his sales.

As far as we have been able to ascertain there have been no criticisms from any sources as to the fairness of the "spreads." Can the SEC, or any legislative body now point out that these spreads have allowed exorbitant profits to the dealers—or that the industry has prospered because of the excessive profits permitted!

If the retail spreads compiled by respected members of the profession are considered to be fair—and mind you, there has been no criticism against their fairness, what occasion is there now for stirring up the issue?

Is the NASD (the handmaiden of the SEC) performing one of the functions for which it was organized, namely, "to maintain a staff of experts who will give helpful advice and sympathetic consideration to the problems of those engaged in the securities business"—or is it assisting the SEC in trying to impose on an industry that, at best, is merely "getting by," the ideas of some half-baked economists, long-haired theorists and boy-scout business administrators, who probably never earned more than menial wages in their chosen professions?

If the Government is adopting the policy of limiting profits in the securities industry and in all other lines, to infinitesimal fractions, we ought to know about it and that policy should be formulated by the legislative branch of the Government and not by an administrative commission that has already gone too far. Let them tell us directly what they are trying to accomplish. They don't have to handle the securities industry like a bunch of racketeers whom they "get" on an income tax charge when they can't make a racket charge "stick."

This proposal must be fought right now, because most of us will be out of business if the idea is not killed. And, we ought to enlist on our side the active support of every other line of business, because who can tell if the next industry on the program will not be the coal merchants, the furniture manufacturers, the hardware dealers, or the motion picture exhibitors.

How can a dealer send his salesman into the "sticks" for some orders, on the narrow profit limitation forced on him by a disclosure of wholesale prices. Not only will the small dealer be driven out of business by this rule, but the rank and file of small buyers throughout the country will also be eliminated from the investment markets because no security salesman can afford to spend the time to "reach" these buyers.

No one connected with the securities industry, in the operating or administrative end, has ever openly contended that dealers in securities be obliged to sell their retail customers at wholesale prices.

If it is desirable that retail profits be kept within fair limits and that a disclosure of national quotations be made on each retail transaction, why not use the published quotations issued by the NASD Quotations Committees? Where such quotations are not furnished to the daily newspapers because of a limited public interest, it should still be practicable to use the basic formula for NASD quotations.

By the use of the NASD formula, the dealer will be permitted to make a legitimate markup on his sales and he will, at the same time, avoid the dissatisfaction, embarrassment and confusion caused by the furnishing of wholesale prices to a retail customer.

We believe the proposed legislation to be untimely, uncalled for and vicious in purpose. If the intent of the proposers is to weed out of the business a small minority of undesirables, it should be accomplished through methods that are less harmful to the overwhelming majority.—(From a Cleveland, Ohio, Dealer)

DEALER No. 16

I was interested and gratified to read your comments on the SEC's new rule to force profit disclosure on over-the-counter trades. Just because a few unconscionable dealers have made unscrupulous profits is no reason why the rank and file of honest dealers and salesmen should be made to suffer. This disclosure rule is just as sensible as forcing R. H. Macy to have their cost price on every article displayed or sold.

The SEC, which went through the legislature by one single vote, was supposed to police and catch the crooks. However, since the SEC has been operating the crooks seem to have increased, but the SEC seems to believe that their function is to put the honest dealer out of business.—(From a New York City Dealer)

DEALER No. 17

It appears that there would have to be a very definite interpretation of what, in this rule, is meant by "best markets," especially when there are so many factors which can enter into the determination of a " best market."

We suggest that in lieu of disclosing the "best market," published quotations, supervised by the National Association of Securities Dealers, Inc., be broadened to include a greater number of securities than have been published in the Press.

The over-the-counter dealer does merchandise securities and therefore makes markets which would not otherwise exist. This proposed rule would kill the activity in many over-the-counter securities to such an extent that there would not even be a "best market" in many issues which now enjoy broad and active trading.

It was reported that the SEC has suggested this rule as it would relieve them of some of the policing necessary in connection with over-the-counter dealers who have taken unconscionable profits. If this rule were in effect, we believe that the policing of the SEC would be tremendously increased and we question whether they could efficiently police such a rule without a great increase in their personnel.

We suggest that the National Association of Securities Dealers, Inc., should continue to police the subject of profit margins.

If this proposed rule were applied to the merchandising of all goods and services, the complex system of distribution in this country would break down within a relatively short time as this rule will break down the merchandising system of securities in this country in a very short time if it is put in force.

Obviously, such a condition would not be in the best interests of the public. (From a Boston, Mass., dealer.)

DEALER No. 18

We have just read the article by Mr. Joseph Haynes concerning the proposed Rule X-15C1-10 and again take occasion to commend your paper in its courageous stand for the welfare of the American Securities business.

The "Financial Chronicle" has quickly become the mouthpiece of Security Dealers and thus is perhaps the most influential medium in the country through which to safeguard their interest, NASD to the contrary notwithstanding.

I am sure that thousands of other Dealers share these sentiments.—(From a Greenville, S. C., Dealer)

DEALER No. 19

As far as I can tell, the NASD and the SEC combined, are putting forth every effort to run a lot of small fellows, such as myself, out of business. I don't care who knows it, but this seems to be my honest opinion. Many of us are trying to make an honest living out of this business, but it is getting increasingly difficult to do so.

I am sure that the many dealers in business today, are thankful to you for your efforts on our behalf.—(From a Virginia Dealer)

War Spending In July Was $1,790 A Second

The average daily rate of expenditures for war purposes by Government agencies in July was at the rate of $154,645,161 for the 31 days, according to War Production Board figures issued Aug. 11 through the Office of War Information. This was at the rate of $1,790 a second. July disbursements by the Treasury and expenditures by the Reconstruction Finance Corporation and its subsidiaries for war purposes totaled $4,794,000,000, compared with the previous record of $4,123,000,000 in June.

The Associated Press further disclosed:

"Starting with $200,000,000 in July, 1940, war expenditures have increased almost every month. By December, 1940, they had reached $508,000,000 and by July, 1941, had passed $1,000,000,000.

"War spending approached the $2,000,000,000 mark in December, 1941, but did not actually pass it until January, this year, when they totaled $2,230,000,000. By March, expenditures had passed $3,000,000,000, while June showed more than $4,000,000,000.

"Total war spending from June, 1940, through July, this year, came to $39,559,000,000.

"Despite the magnitude of actual expenditures, they fell far short of commitments for equipment, supplies and services. During the two years ending July 1, contracts and other commitments totaled $129,998,000,000. The total of appropriations approved or pending totaled about $223,000,000,000 at the end of July."

SEC Applications For Broker-Dealer Registry

The following applications for registration with the Securities and Exchange Commission as brokers and dealers were made on the dates indicated:

July 20, 1942—Colsan Oil Corporation, 341 Madison Avenue, New York, N. Y., George H. Sandison, Richard H. Sedgwick, Wilbur F. Allen, and George B. Allen, officers; A. J. Kilpatrick, Jr., 138 Eighth Street, Augusta, Georgia, a sole proprietorship.

July 22, 1942—Carlton A. Opel, 258 Broadway, New York, N. Y., a sole proprietorship.

July 23, 1942 — Connecticut Credit Union League, Inc., 46 Hillcrest Avenue, New Britain, Conn., Nestor J. L'Heureux, Reuben B. Whipple, Jr., Leonard Russell Nixon, Frank E. Barbier, Louis J. Wissman, Edwin L. Mix, Ara T. Dildilian, Harold Arthur Iversen, L. F. Deming, James E. Moran, and Vincent J. Lombardi, officers; Thomas Associates, Inc., 551 Fifth Avenue, New York, N. Y., John B. Jacob, Arthur J. Brown, Martin L. Semmel, and Lillian M. Walter, officers; Ernest Merle Zimmermann, 1 Wall Street, New York City, a sole proprietorship.

July 25, 1942—Philip Howard Reilly, 112 Prospect Place, Manitou Springs, Colo., a sole proprietorship.

July 27, 1942—Richard Davisson, 172-90 Highland Avenue, Jamaica, N. Y., a sole proprietorship.

July 30, 1942 — Joseph Miles Harper, Jr., 930 Elmwood Avenue, Shreveport, La., a sole proprietorship.

July 31, 1942—Clark & Company, 40 Wall Street, New York, N. Y., Mrs. Cherry P. Clark a special partner in the firm in addition to P. Bradley Clark and John F. P. Clark general partners; C. G. McDonald & Co., 1012 Buhl Building, Detroit, Mich., James W. Crawford and Pauline Buddenbaum officers in addition to Claude G. McDonald. George A. McDowell, C. Edwin Mercier, and Helen F. Barr.

UP-TOWN AFTER 3

THE MOVIES

Orson Welles is the man of whom it was once said, "There, but for the grace of God, goes God." But RKO with its eyes on balance sheets (and considering the pictures they have been turning out recently they must be getting cross-eyed) doesn't see it that way. For unless Welles and RKO make a new deal, **"The Magnificent Ambersons"** is the last picture Welles will make for them. As everybody knows **"The Magnificent Ambersons,"** based on Booth Tarkington's novel, is a story of the decadence of an American family just entering its shirt sleeve cycle. The picture has its points but it is by no means a second "Citizen Kane." Technically, it is interesting. It has tricky sound effects, arty camera angles and strange lighting montages but when you've said that you've said all. Beginning at the peak of the Amberson magnificence it describes the events which touch the family and shows how its members react to different changes. The coming of the gasless buggy has its effect. Death decay and economic progress leave their marks. And so it goes. It is a drab recital of a family in the twilight of its grandeur. The cast, including Agnes Moorhead, Joseph Cotten, Dolores Costello, Tim Holt, Anne Baxter, Erskine Sanford and Richard Bennett, was well selected for its role. . . . **"Bambi,"** the latest Disney picture, one that the Disney office says it took four years to make, is a pretty little thing, but it does not have the rib-tickling spontaneity of say a plain run of the mill Mickey Mouse. Bambi is a cute little fawn and is no doubt a faithful replica of Felix Salten's nursery story Bambi. As a fawn with rubbery legs who has such a time of it on the ice he is grand. But when he grows up he becomes too stilted, too wooden. The one character in **"Bambi"** that stands out is the buck toothed rabbit, Thumper. His activities make him a fit companion to Mickey, Donald Duck or even Pluto. . . . **"Pardon My Sarong,"** the latest Abbott & Costello opus, shows the same team in the same mess, using the same gags against a slightly different background. Its really amusing sequences can be attributed to director Erle C. Kenton, who makes a burlesque out of what starts out to be just another Abbott and Costello farce. In one chase he has Costello stop all out of breath and say to the villains, "I'm all in. Let's rest a minute." The villains agree and everybody sits down for a breather. Then Costello, refreshed, says, "Okay, let's go," and the chase is resumed. The story, as the title implies, is laid in some mythical South Sea isle where a boat carrying Abbott & Costello, Virginia Bruce, Robert Paige and the seal named Sharkey carries them after a storm. They get along famously with the natives. All would have been idyllic if it weren't for Lionel Atwill who is after treasure and plays on the natives' superstitions via volcanic eruptions, etc. Of course our heroes tangle with the villains. But everything works out well in the end, as if you didn't know.

AROUND THE TOWN

Billy Rose's latest **Diamond Horseshoe** (W. 46th) show is a bang-bang affair. Emphasis on the "bang-bang." For in following one of Rose's policies " . . . nobody talks at my shows," the noise is terrific. Music is at top pitch, mikes are wide open. The show, **"Mrs. Astor's Pet Horse or The Horse With The Hansom Behind"** is about life in New York when Mrs. Astor ruled the social roost. An old cabby reminisces with his horse about the dear dead days. This is the cue for a reenactment. One is a night at the circus, another is something called the rebirth of vaudeville. Even the opera comes in for a nostalgic nod. Mr. Rose, who knows the cash value of nostalgia spreads himself. He presents **Harriet Hoctor, Billy Welies, Lucienne and Ashour, Herman Hyde, W. C. (St. Louis Blues) Handy, Billy Banks, Nellie Durkin, Virginia Mayo** and a lot of others who depict life in New York when Mrs. Astor rode in a hansom. Rose recognizes a fundamental psychology that everybody hankers for the days of their youth. So he gets old performers who are happy to be working and making money again. The public is happy because it can cry in its beer. Rose is happy because he jams his place and cash registers make jingle-jangle-jingle. For those not hep to the lure of the dear dead days Rose throws in a lot of gorgeous show girls. The are not of yesterday. They are of today, streamlined chassis 'n' everything. . . . Mr. Rockefeller's Radio City has a number of restaurants. Some outdoors, some on the ground floor and some way up near the clouds. Now there's another one, under the street, so it's called **"The Down Under."** Of course the location has nothing to do with the name. It's named after Australia. Still it's a thought. Food at the "**Down Under"** is good and reasonably priced ($1.25 tops; drinks extra). Miss Evelyn Brockman, Radio City's only woman restaurant manager, is around to see to things. You may recall Miss Brockman from the Holland House at the World's Fair or as chief hostess at Radio City's famed Holland House Taverne. She's a personable lady on the buxom side who hails from a seafaring family. But no matter how charming Miss Brockman can be, don't let her talk you into more than just one Sydney Sling or you'll see the Down Under from down under-a-table.

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Forms D. L. Colvin Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, CALIF.—Donald L. Colvin has formed Donald L. Colvin Company with offices at 9730 Wilshire Boulevard, to engage in a securities business. Mr. Colvin was formerly a partner in the dissolved firm of Colvin, Hoyt & Co., and in the past was with Sutro & Co.

Wheaton Named Treasurer

Don Wheaton has been named Treasurer of Sweetbrier College, Sweetbriar, Va. Mr. Wheaton was recently associated with Bull, Wheaton & Co., New York City, and in the past was a partner in Starkweather & Co.

Defer Effective Date Of Minimum Capital Rule

(Continued from first page)

dence during the period of the balloting, Mr. Dunne commented, to wit: "Surely in such an atmosphere a secret poll would have been the first and minimum requirement for a true vote. The failure of many members to vote against the proposal in line with their real views is only a part of the distortion caused by the menace of reprisals. It has come to my attention that some members who voted in favor of the proposal were in fact opposed to it but did not even dare not to vote. They feared that if they failed to vote that also would be held against them by those on whose good will and patronage they are seriously dependent."

Mr. d'Avigdor, who has militantly opposed the plan since its inception, told the SEC that the NASD was attempting a "marriage of money to ethics, and that is like mixing oil and water—they are incompatible." Stating that perhaps the amendment would serve effectively as a sieve to "shake out the pickpockets," he then inquired "what about the erstwhile pickpocket who has grown to the bank robber's class?" Commenting on the low state of the securities industry, Mr. d'Avigdor declared this to be "the wrong time for severing part of the nervous system of a body that needs every tendril for a continued existence." He also asserted that the Maloney Act itself, pursuant to which the NASD was established, clearly indicates the absence of any intent to set up minimum capital requirements for such an Association.

Van Dyck MacBride, who represented a group of Newark dealers, presented a petition to the SEC, signed by each of the firms requesting that it disapprove the amendment and to order a new election on the question at which balloting would be secret.

Robert W. Baird, former chairman and now treasurer of the NASD, was the principal defender of the amendment. A prepared statement by Mr. Baird, who is also President of the Wisconsin Co. of Milwaukee, was read by Wallace H. Fulton, executive director of the NASD.

"The Board of Governors of the National Association of Securities Dealers, Inc., would not have proposed the rule in the first place," it said, "if it felt that the requirements thereunder would be detrimental to the interests of the membership or would blanket the membership with unnecessary hardships in these difficult times."

Mr. Baird predicted that most of the firms not now meeting the capital requirements would make arrangements to bring their capital up to the minimum before the effective date.

"The association," he said, "is not blind to the fact that it has irresponsible members. It did not, however, invite those irresponsible people in and they are not welcome as long as they stay in. They are in because we could not keep them out. The capital rule will, we hope, effectively eliminate certain of these and our continuing enforcement program will gradually take care of the others."

Mr. Baird defined the amendment as an act by the NASD in the interest of the public.

"The public's participation in the investment market is continuing to widen," he added. "There is no law of our association, of any State, or even of this commission, which will prevent the fool and his money from being parted, but when losses come again somebody is going to be blamed again and it is my sincere hope that our investment fraternity will not be the only target of such attacks, but that it will be found to have discharged faithfully its responsibility to the investors of this country."

Advocates Investment In Stocks

Most people do not realize the tremendous difficulties experienced every day by the conscientious investment adviser who is fully aware of his responsibilities. There do not seem to be any investments, bonds or stocks, real estate or commodities, or goods of any kind, that do not have important inherent weaknesses which could result in serious losses if certain possible events materialize. Obviously, since an investor cannot protect himself against any and all hazards now facing him, the solution of his problem can only be a compromise. Losses will be inevitable, and the investment adviser can do little but try—by spreading the risks intelligently—to hold such losses at a minimum.

This sounds very discouraging, but it would be shortsighted to ignore the facts. The costs of this war are so enormous that only a small fraction can be paid for out of current income. The balance must come out of the Nation's reserves, its accumulated capital. (Borrowing, of course, is a lien on existing capital and future income.) We do not believe that the investor can find safety and protection against losses by hoarding cash or by investing solely in Government and high-grade corporate bonds. Of course, his capital as expressed in dollars and cents will not change, but the buying power of his dollars may decrease materially. In fact, he has already suffered a considerable loss because of the advance in the cost of living and in the price of most goods and services. The same argument applies for life and annuity insurance, the most widely held investment in America.

Neither do we believe that investments in real estate offer a safe refuge. Besides the disadvantage of limited liquidity and its inexpedience for most of the smaller investors, such factors as rent control coupled with rising costs and taxes have already resulted in serious disappointment, if not actual losses, to many investors. As to farm land, which has had a considerable price advance in many sections of the country since the outbreak of the war, we doubt whether many people are able to make intelligent use of this investment possibility. The doubtful future of farm prices in the post-war period also should not be ignored.

For some time past we have advocated the purchase of common stocks, although we fully realized that corporate earnings would be the first—because they are the easiest—victims of war taxation. The worst in that respect, or at least almost the worst, is now known. Many dividends have been cut in reflection or in anticipation of the lower level of earnings. But this has been expressed to a very large extent in the sharply reduced price level of common stocks which even on basis of lower earnings and dividends offer a return several times larger than obtainable in high-grade bonds. Many common stocks of sound corporations are selling at less than their net current assets, not to mention the actual value of the plants, the organization, the goodwill. If our economic system in its present, or at least a similar, form does survive this war—and we are fighting this war for the preservation of "our way of life"—then common stocks will retain their values which now are more deflated than any other investment that can be bought with money.

Again we wish to emphasize the importance of diversification. It has never proved prudent to "place all our eggs in one basket," but now it would seem extremely dangerous to concentrate on any single one of the various available investment media.

The market has acted reasonably well during the past several weeks. The Dow-Jones average now stands at almost the same point as three weeks ago, when this writer discussed the market prospects last. Considering the constant flow of bad war news on the one hand, and the large number of highly unfavorable earnings reports and dividend reductions on the other, the performance of the market has been remarkably good. Our observations show no increase in selling pressure at all since the averages reached their intermediate highs in mid-July. There has only been a let-off in the desire to accumulate stocks. We regard this situation as favorable for a renewed advance in stock prices.—LAIRD, BISSELL & MEEDS.

Investment Trusts

(Continued on page 623)

and the language is marked by its simplicity.

Investment Company Briefs

Occasionally this column has quoted from National Securities & Research Corporation's "Investment Timing Service" with respect to the intermediate trend of stock prices. Inasmuch as the Aug. 13 issue reports a change in the forecast of the trend, the full comment is presented herewith: "Last Thursday we wrote: 'The action of the market suggests that the up movement of another microscopic surface wave may now begin with a top in two or three days at about 105.50. But there is no evidence that the bottom of the intermediate downtrend has been reached. The action of the market continues to indicate that lower prices will be seen before any sustained upward movement gets under way.' The Dow-Jones Industrial Stock Average closed last Thursday (Aug. 6) at 104.80. The 'opening' figure next morning (104.68) was a new hourly low since the close July 3 (104.49). The average then began an irregular advance until at 2:30 P. M. Tuesday (Aug. 11) it reached 105.49. The succeeding low point of the microscopic wave formation (105.18) was reached at 11:30 A. M. today. After milling around for a couple of hours, some evidence began to appear that the character of the market was improving. The close tonight was 105.70. The indications from the action of the market this afternoon are not, of themselves, worth a great deal. But the bearish characteristics of the market of the past few weeks have in recent days shown some signs of abating. And a few bullish symptoms have appeared. Any upward movement at this time might be short-lived. But the basis for making such an assumption does not seem solid enough to warrant not following the upward indications that have now appeared. The movement down in the five weeks since we stated (on July 9) that a downward movement 'may begin at any moment' has, of course, not been of intermediate proportions. At the close tonight it amounts to only 3.05 Dow-Jones 'points' (from 108.75 to 105.70). But we must hazard the forecast that an upward movement 'may begin at any moment.'"

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Our Reporter's Report

(Continued from First Page)

chases without obtaining the certificates now required, and with "indicated" capital profit to be rendered non-taxable.

Last Of Long Line

What will probably prove to be the last utility financing by direct negotiation with banking interests appeared assured by the approval of plans to merge the Community Power & Light Co. and General Public Utilities, Inc., into the Southwestern Public Service Company.

Since the program leading up to the financing involved, was under way prior to the effective date of the competitive bidding rule promulgated by the Securities and Exchange Commission, the new securities involved are expected to go direct to the company's banking interests instead of being put up for auction bids.

The financing, designed to raise some $34,000,000, includes $18,500,000 of first mortgage and collateral trust bonds; $5,500,000 serial notes, and 85,000 shares of 6% cumulative preferred stock of $100 par. The public sale is now expected shortly after Labor Day.

Going To The "Mat"

The "special offering" rule adopted by the New York Stock Exchange some weeks ago, ran into its first setback on Tuesday when Dillon, Read & Company undertook the sale of 50,000 shares of Standard Oil Company of Indiana stock which came out of the Harkness estate.

Bankers took the issue into the "twilight" market when the Exchange refused to grant permission for member participation unless the stock was first offered on the floor.

Until the occasion of this undertaking bankers had capitulated and arranged for offering under the Exchange's rule covering member firms and listed securities.

Bolstering Banks' Reserves

With excess reserves of banks in the New York area falling to the lowest levels since the days of World War One, or thereabouts, the Federal Reserve Board finally acted under its new powers to replenish dwindling surplus funds of institutions here as well as in Chicago.

The Board ordered a reduction in the reserve requirements rate on demand deposits for those two areas from 26%, the peak, to 24%, thereby making available to these centers some $400,000,000 of new excess funds.

Action was predicated on the precipitate fall in reserves to around $150,000,000 as contrasted with a total in excess of $3,500,000,000 only a short time back.

Since banks are slated to be substantial purchasers of Government war bonds in the months ahead, it is likely that further action to ease the situation will be undertaken, when and as warranted.

It All Depends

While it cannot be said that investment underwriting firms have enjoyed the extreme dullness of the summer months, the degree of satisfaction is readily linked to operating results.

If earnings have been running along everything seems to be all right, but if the going has been tough then the air is a bit bluer.

One of the larger houses, according to a spokesman, has been operating right along in the "black" and has prospects of continuing so over the balance of the year. This company, however, has a good day-to-day, or "bread and butter" business as the trade calls it.

SEC Considering Minimum Capital Rule; Dealers Urged To Continue Opposition

(Continued from page 620)

capital, and equally disastrous results could happen to both because of market conditions.

Dishonesty on the part of a large dealer with a large capital could affect a much greater percent of the people than a small dealer. Many outstanding examples of such failures of big dealers in the past have revealed that a larger percentage of the public suffers from their misconduct when they get into financial difficulty than the percentage of the public which suffers from the misconduct of a small dealer.

The Association will never accomplish its ideal through the enforcement of the Minimum Capital Amendment and forcing the small dealer out of business.

From the "NASD News" of June 15, 1942, we quote, "The Board does not in any way feel that these minimums are guarantees of the financial character of business integrity of those who may qualify under them. On the other hand, the Board believes that as a practical matter and in the furtherance of its advocating of sound business policies, it should propose Association members' minimum standards as to capital as well as other standards for the conduct of members' business in the interest of customers and the industry's welfare. The Board also feels, based upon the experience and examination of over 2,000 members, that the problem of enforcement of the Association rules can be lessened and the cost of that program reduced with the adoption of the minimum capital requirements now recommended."

According to the emphasis being laid upon protection of the interests of customers, it would seem that the attitude of the Board of Governors in its zeal to protect the investor forgets the fact that the bond dealer, even though small, wants to exist and has an American right to exist and to make a living for himself. The Board of Governors also evidently feels, based upon its experience, that the problem of enforcement of Association rules of fair practice can be lessened and the cost of that program reduced with the adoption of the minimum capital requirements now recommended. This is certainly true as it is a matter of pure simple arithmetic. But, is it fair to the small dealer, just because he has a small capital; is it according to American privileges of earning a living; and is it not shortsightedness for the industry as a whole?

The matter of regulating fair practices is one thing, but the attempt to control it should not be made through the limitation of capital the dealer has in his business.

How did the Board of Governors arrive at a minimum of $5,000 net capital? Why should not $10,000 minimum be more effective? Why should not $10,000 net capital be still more effective in the regulation of protection of customers? By regulating the small dealer with a net capital of under $5,000 out of business and the results seem good to the Board of Governors and their problems lessened and their cost reduced, why, as a succeeding step, would it not seem better that all dealers should have a net capital of, say $10,000, thereby eliminating many other small dealers, further lessening the problem and costs to the Association. If this seems good to the Board of Governors, why would it not be even better still for the industry to require $25,000 net capital by all members of the Association, and thereby better protect customers and improve the standards of the industry, simultaneously causing additional small dealers to dissolve business, thereby lessening the problem of the Board of Governors, and so on in succeeding steps, the remaining members of the Association gradually getting the investment industry recoiled pretty well within their own control, thereby eliminating fair but numerous competitors.

This proposal of the Minimum Net Capital of $5,000 is as un-American in its conception and in its results as some of the present practices and policies of our Labor Unions. It is well known that through the policies of our Labor Unions thousands of able-bodied men who desire work cannot obtain same without first paying an exorbitant fee to the Union for the privilege of obtaining a job. This practice in the Labor Unions and the Minimum Capital Amendment smack of the same beaurocratic thought and principle.

Only those corporations or private businesses who accept public monies in trust are required by law to maintain a minimum capital. No other industry under American Constitutions rights is regulated in such a manner.

Very truly yours,
FRED K. KIRTLAND

DEALER No. 51

Harold R. McClure of Harold McClure & Co., Warren, Pa., sent the following letter to Nathan S. Parker, District Chairman of NASD, Pittsburgh, Pa.

Article 1, Section 1 of these by-laws will not affect us materially. Since this business was started about three years ago by Mr. L. C. Jamieson, as a sole trader, and since under the names of L. C. Jamieson & Company and Harold McClure and Company, we have always had our customers remit for securities direct to our bank here and to ship to that institution any securities that we might have taken in exchange for others. At no time have we been custodian of customers' funds or securities, not because any regulatory body told us not to but because common sense dictates that this is absolutely the best policy to follow, irrespective of net worth or invested capital. As presently constituted, our business employs only a nominal amount of capital in the business as such and relies for its credit upon the resources of Mr. L. C. Jamieson, which resources are substantial. It would be a simple matter for Mr. Jamieson to transfer to the partnership a sum in cash or its equivalent to bring us well within the proposed amendment, Article 1, Section 1, either A or B. Therefore, I believe that I speak impartially when I give you my impressions of this Article:

The small fellow, who will probably be driven out of business by the enactment of the amendment in question, is actually the chap who is out on the firing line developing customers that absorb the offerings of the big man. If he has sufficient character and standing to get a reputable bank to clear his securities for him, it is dollars to doughnuts that he will not go South with any customer's funds and that every trade he makes will have been scrutinized carefully by him. Lacking capital, he cannot afford to take chances and, consequently, should be more conservative than the fellow who has capital to burn.

I do not think that prescribing the minimum amount of net capital that one engaged in this business must have will serve the announced purpose of the NASD at all. Let us make my point by stating a hypothetical case. Let us say that we have $1,000 net capital in our business. As specialists in Pennsylvania Gas Company stock, we decide to take a long position in the stock. We are offered 250 shares of stock at 10, and we take our $1,000 and borrow 1,500 at the bank, pledging the stock as collateral for the loan. A sudden upset in the market occurs, and we find that we have to liquidate our stock at $7 per share. We are still solvent. Now take the case of the fellow who has $25,000 free capital in his business. He decides to take on 10,000 shares of Pennsylvania Gas at 10 and borrows $75,000 against the $100,000 purchase price. Along comes the three-point break, and the fellow with the $25,000 of capital is broke. In other words, if this business of determining ability and integrity is to be measured in terms of capital, net capital should not be the measuring stock; it should be the relation of current assets and current liabilities. That is just sound common sense in any business, and I cannot understand why the Board of Governors missed this point when constructing this amendment. True, it would be hard to police all of our members to see that they maintain the ratio of current assets to liabilities at all times, but is not it going to be equally difficult to see that minimum capital requirements are fulfilled by every member of the Association?

My personal inclination, and that of my partners, is to vote "No," therefore, to the amendment described as Article 1, Section 1. Perhaps you can make some constructive suggestions that will change our minds.

Cordially yours,
H. R. McCLURE, HAROLD McCLURE & COMPANY

DEALER No. 52

A Syracuse, N. Y., dealer writes us as follows:

Mr. Dewar's report, published in the last issue of "NASD News," may be entirely acceptable to many members of the Association but his expressed welcome for a "lively debate about our problems" eliminates excuse for making the following observations:

Let us focus our attention on what appears to be a worm-hole in an otherwise well polished apple. Mr. Dewar says:

> "If the securities merchandising end of the financial community were confined to a relatively few houses of substance, as it was some years back, perhaps we should not need any form of regulation; but I must remind you that it is now scattered far and wide with securities houses ranging in size from one man up. But with this growth comes the inevitable fringe, the sub-marginal crowd whose activities throw discredit on all of us."

It would be unfair to accuse Mr. Dewar of making this statement to arouse a latent sense of humor, so let us consider it as debatable from the standpoint of being supportable in fact.

Must we admit that there is no higher professional or working standard in the investment merchandising field than there was in that unspecified period "some years back"? This is faint praise for the excellent work done all over the country by the Better Business Bureaus. Is it an admission that Federal laws have been too few and too late to keep up with a growing fringe in the financial community? Have registrations of firms and firm personnel failed to reduce that fringe? Have the efforts of the National Association of Securities Dealers, Inc., these last years fallen so far short that conditions are worse than at some unspecified period "some years back" when, perhaps no form of regulation was needed? This is a humiliating confession for our Association Chairman, Mr. Dewar, to publicize and I emphatically disagree, for I am sure that many of us do not share that confession.

If Mr. Dewar's memory is far-reaching, in what period would he place those halcyon days of houses of substance when, perhaps, no regulation was necessary? Surely not early in the century when bucket-shops were playing against the public and "Tom" Lawson any many houses of substance were operating on what has been termed a "casino" basis. Nor yet later, during the first world war, when at least a few houses of substance set up temporary, back-room, batteries of telephones for the purpose of selling on daily balance stocks that could scarcely have been sold without manipulative contrivances. Nor yet during that period when earnings and financial statements were denied the public until "insiders" had taken financial advantage. Nor when new securities were retailed by salesmen of firms which never had the advantage of dependable information concerning the securities they were selling such as is now required by a prospectus. Nor yet when many houses of substance were selling holding company securities at prices bearing little relation to intrinsic values or were selling shares in stock pools under the dignified label of investment trusts or were pushing the sale of sub-standard real estate bonds or distributing foreign bonds concerning which few knew very much.

I dislike to resurrect these ghosts of the past, but it is the recollection of these things together with spectacular failures and misbehaviors of a few houses of subsance that have "made us a rather unpopular member of society in the past."

Many of us believe the public is being better served today than ever before and that the tide of professional responsiblity is rising under the pull of uniform practice requirements. If we could devote our energies to the further development and extension of this phase of the security business, involving, as it does, all investment firms from the largest to the smallest, the benefits would be far-reaching and substantial as compared with the minor issue of minimum financial requirements which means much to a few and is discriminatory if not unconstitutional. What safeguard is there is a $5,000 capital requirement for large firms whose running expenses are enormous compared to those of small firms? Why swing the pendulum of regulation in such a manner as to expel one single experienced and honest-minded member of the NASD whose position is solvent, simply because his cash position does not qualify him as "a house of substance"?

I was told of a recent letter from an important Washington bureau, addressed to a representative of a group of small business men, containing the following rather disconcerting statement: "You appear to be in the position of suffering from toothache but unwilling to have the tooth removed." If the personnel of the firms are needed for the war effort, why not let the transition be based on their value to that effort and not on their size or financial rating? There will be few houses of substance if this war is lost. Let us be sure that we are both forthright and practical in our determination to win. It is the pendulum of our war effort that needs that extra push and should command priority over lesser controversial experimentation of doubtful merit.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, AUG. 20

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Amendment filed Aug. 14, 1942, to defer effective date.

GENERAL ELECTRIC CONTRIBUTORY PENSION TRUST

General Electric Contributory Pension Trust (W. R. Burrows, I. D. LeFevre, J. W. Lewis, R. C. Muir, D. E. Peck, W. W. Trench, trustees), has filed a registration statement with SEC for $100,000 (estimated amount of employee contributions prior to Oct. 1, 1943.)

Address—No. 1 River Road, Schenectady, N. Y.

Business—Investing the funds of the trust which are received from participants and from the company. Participation in the trust is limited to salaried employes entering the service of the company on and after Jan. 1, 1936 and receiving in excess of $3,000 per year

Underwriting—No underwriters

Offering—Interests of employe participants in pension trust

Proceeds—All of said funds are to be invested by the trustees, and the income thereon allowed to accumulate, for the purpose of making pension payments therefrom to participating employes upon their retirement

Registration Statement No. 2-5031. Form A-1. (8-1-42)

HOLTZER-CABOT ELECTRIC CO.

Holtzer-Cabot Electric Co. filed a registration statement with the SEC for 3,250 shares of 5% cumulative preferred stock, par $100 per share, and 100,000 shares of common stock, par $5 per share

Address—125 Amory St., Boston, Mass.

Business — Business conducted by the company falls into two classifications: the manufacture of electric motors and generators and the manufacture of various types of electric signal equipment.

Underwriting—E. H. Rollins & Sons, Inc. is the principal underwriter for the common shares

Offering—The company is controlled by the Gamewell Company. The securities of the company owned by Gamewell at date of prospectus consist of 8,250 shares of common stock, par value $100 per share, being all of the stock of the Holtzer-Cabot Company outstanding on same date. Upon consummation of a proposed recapitalization plan the outstanding securities of the company will consist of 3,250 shares of 5% cumulative preferred stock, par $100 per share, and 100,000 shares of common stock, par value $5 per share, all owned by the Gamewell Company. The underwriter has entered into an agreement to purchase from Gamewell at a price of $9 per share, the 100,000 shares of common stock. The company has been advised by the underwriter that the latter has entered into an agreement with a single purchaser to sell all the common stock to such purchaser, for an aggregate price of $1,050,000 or $10.50 per share. The registrant company has been advised by Gamewell that although the latter has no agreement with respect to the proposed sale of the preferred stock, Gamewell proposes concurrently with the sale of the common by the underwriter to the single purchaser referred to, to sell all of the preferred stock to the same purchaser for an aggregate sale price of $325,000 or $100 per share upon the representation by purchaser that it is purchasing such preferred stock for its own account for investment and not with any present intention of distributing it. If purchaser subsequently should determine to made distribution of any of such securities, company will file a post-effective amendment stating such terms

Proceeds—All the proceeds from sale will be received by the Gamewell Company.

Registration Statement No. 2-5030. Form S-2. (8-1-42)

Holtzer-Cabot Electric Co. filed on Aug. 10 an amendment to its registration statement in which it changed the registration, as amended, to cover 8,250 shares of common stock, par $100 per share. According to the amended statement E. H. Rollins & Sons, Inc., underwriter, will purchase from Gamewell Company, which owns all of the stock outstanding, the 8,250 shares of common for an aggregate purchase price of $1,225,000. The Gamewell Company will receive all of the proceeds from the sale of the shares which are already issued and outstanding. The H-C Company has been advised by the underwriter that the latter has entered into an agreement with a single purchaser to sell all of the common stock to such purchaser, after the registration statement becomes effective, for an aggregate price of $1,375,000, upon the terms and subject to the conditions set forth in the agreement, one of which being a representation by such purchaser that it is purchasing such common stock for its own account for investment and not with any present intention of distributing it. If the purchaser should subsequently determine to make a distribution of part or all of such securities, the H-C Company will file a post-effectment amendment disclosing the terms of such distribution

MONDAY, AUG. 24

POTOMAC ELECTRIC POWER CO.

Potomac Electric Power Co. filed a registration statement with SEC for $5,000,000 first mortgage bonds, 3¼% series, due Aug. 1, 1977

Address—Potomac Electric Power Company Building, 929 E Street, N.W., Washington, D. C.

Business—The company is part of the North American Co. holding company system. The company is, and intends to continue to be, principally engaged in the generation, transmission, distribution, and sale of electric energy in the District of Columbia and in a limited contiguous territory, largely suburban and rural, in Maryland, and interchanges electric energy with a neighboring utility system

Underwriting—No firm commitment to purchase the $5,000,000 face amount of these bonds has been made. As soon as practicable after the registration statement has become effective, the company, pursuant to Rule U-50 of the SEC proposes publicly to invite sealed written proposals for the purchase of such securities

Offering—The names of the underwriters and the offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds will become part of the company's general funds and will be used to increase company's generating capacity and other fixed capital expenditures. In June 1942 company received $3,000,000 toward such purposes from the sale of 30,000 shares of its common stock. The company's fixed capital expenditures for 1942 are estimated at $8,691,000. Substantial further expenditures for such purposes will be incurred in 1943. The more important include installation of turbogenerator units and related equipment

Registration Statement No. 2-5032. Form A-2. (8-5-42)

J. D. GILLESPIE, trustee for Cleo George

J. D. Gillespie, trustee for Cleo George, has registered with the SEC certificates of deposit in trust of direct obligations or obligations guaranteed as to principal and interest by the United States, deposited by J. D. Gillespie, trustee, with Mercantile National Bank, Dallas, Texas. Number of certificates of series A is unknown, but aggregate amount is not to exceed $1,500,000.

Address—Gulf States Building, Dallas, Texas.

Business—Investment trust.

Underwriting—Sponsored by J. D. Gillespie, trustee, depositor

Offering—To be sold only to banks at face value

Proceeds—For investment.

Registration Statement No. 2-5033. Form C-1. (8-5-42)

J. D. GILLESPIE, trustee for Cleo George

J. D. Gillespie, trustee for Cleo George, has registered with the SEC certificates of deposit in trust of United States Government direct or guaranteed obligations deposited by J. D. Gillespie with the Mercantile National Bank, Dallas, Texas. Number of certificates of Series B to be issued unknown, but aggregate amount not to exceed $250,000

Address—Gulf States Building, Dallas, Texas.

Business—Investment trust.

Underwriting—Sponsored by depositor.

Offering—At face value

Proceeds—For investment.

Registration Statement No. 2-5034. Form C-1. (8-5-42)

TUESDAY, SEPT. 1

THE TRION COMPANY

The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta, Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Amendment filed July 2, 1942, to defer effective date

Withdrawal request filed Aug. 11, 1942.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration.

Amendment filed Aug. 3, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

ELLICOTT DRUG CO.

Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members

Amendment filed Aug. 7, 1942, to defer effective date

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

Amendment filed Aug. 11, 1942, to defer effective date

Equipment Finance Corp. filed on Aug. 13 an amendment to its registration statement in which the proposed offering is stated as follows: Sold prior to registration to employees of Curtiss Candy Co. 1,238 shares of common, no par value, at $100 per share and offer of rescission is being made re above shares, to be publicly offered at $100 per share, 2,993 shares for total of $299,300. Purpose of issue as amended includes wagons, horses and facilities for operation of horse-drawn vehicles.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed July 31, 1942, to defer effective date

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed Aug. 6, 1942

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Aug. 17, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

SOUTHWESTERN PUBLIC SERVICE CO

Southwestern Public Service Co. filed a registration statement with the SEC for $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed Aug. 5, 1942, to defer effective date

Southwestern Public Service Co. on July 21 filed an amendment to its registration statement fixing the interest rate on the proposed issue of $18,500,000 first mortgage and collateral trust bonds due 1972 at 3¾%. Interest rates on serial notes will be supplied by amendment

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Aug. 10, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Aug. 5, 1942, to defer effective date

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 1¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1. 1942.

Registration Statement effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m EWT July 12, 1942

SCUDDER, STEVENS & CLARK FUND INC.

Scudder, Stevens & Clark Fund Inc., filed a registration statement with the SEC for 40,000 shares of capital stock of a proposed maximum aggregate offering price of $2,999,200

Address—10 Post Office Square, Boston, Mass.

Business—Investment trust

Underwriting—No firm commitment to take the issue has been made

Offering—Approximate date of proposed public offering is Aug. 1, 1942. Shares are issued at the then net asset value, plus 1%. The quoted price as at July 10, 1942, as calculated in the price make-up sheet was $74.98 per share which price was used in estimating the proposed maximum aggregate offering price

Proceeds—For investment

Registration Statement No. 2-5027. Form A-2. (7-21-42)

Amendment filed Aug. 7, 1942 to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed Aug. 13, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution, to the extent of 436.691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2 (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Sees Stock Market In Period Of Accumulation

It is our impression, and has been for some time, that the market is in a broad period of investment accumulation. Up to the present, such underlying demand has been highly selective, rather than general. One of the most noteworthy features of the market's performance over many weeks has been the fact that batches of selected stocks have been making new highs daily. In yesterday's session, no fewer than thirty-five stocks sold at new highs for the year.

We remain of the belief that one of the major underlying considerations in this market is the hard fact that the dollar has been gradually diminishing in purchasing power in practically every field outside of securities. Only recently, and to a limited extent, have holders of liquid cash reserves begun to realize this fact as applied to the securities market; for only recently (April, to be exact) has the market made a fairly decisive stand after about two-and-a-half-years of declining prices. The striking difference between the trend of security prices and price trends elsewhere over the past few years must sooner or later begin to play an important role in shaping stock market psychology. Up to now, broadly speaking, it has been dull and indifferent to influences of almost any kind. But even the depression period of 1931-32 showed that a stretch of market apathy must eventually give way to a quickened interest in the recovery possibilities of the stock market. It may develop that numerous investors will discover in the present instance—as they did in the earlier one—that their reinvestment of idle funds had been too little and too late.

Looking at the more immedite picture, we note that the industrial averages has pulled away still further from its recent narrow trading range, and appears once more to be aiming at the July highs. It is also noteworthy that the rail stock average yesterday again touched its previous high for the move, with excellent chances of going through into new high ground.—J. S. BACHE & CO.

U. S. Chamber Of Commerce Proposes 10% Sales Tax And 5% Withholding Tax

A Federal tax program to raise $12,000,000,000 in new revenue for war purposes, as against the $6,300,000,000 provided in the bill passed by the House of Representatives, was put before the Senate Finance Committee by the Chamber of Commerce of the United States on Aug. 11. The Chamber, at the same time, made recommendations for Government bond issuances and debt financing designed to hold inflationary borrowing from banks to a minimum. It proposed measures to encourage the purchase of Government securities by corporations, individuals and other investors. The program presented on Aug. 11, it was said at the Chamber, would yield about $12,000,000,000 in taxes in a full year of operation in addition to the $17,000,000,000 now produced by the present law. It would produce about $8,000,000,000 additional during the present fiscal year. The House bill would yield only about $6,300,000,000 during the full year of operation and about $4,000,000,000 during the current fiscal year. Two important new sources of revenue were proposed by Chamber spokesmen, a retail sales tax of 10% and a 5% withholding tax in addition to income tax.

The Chamber's spokesmen were: Ellsworth C. Alvord, of Alvord & Alvord, Washington, Chairman of the Chamber's Committee on Federal Finance; and three other members of the committee, Albert L. Hopkins, of Hopkins, Sutter, Halls & DeWolfe, Chicago; Roy C. Osgood, Vice-President, The First National Bank of Chicago; and Paul E. Shorb, of Covington, Burling, Rublee, Acheson and Shorb, Washington, D. C.

The Chamber witnesses criticised the House revenue measure as failing to produce adequate revenue for war purposes, as interfering seriously with war production, and failing to provide adequate control over inflation. Specific suggestions for financing war expenditures were:

"The maximum possible revenues from taxes for the duration of the war.

"A definite incentive savings system for both individuals and corporations.

"Security issues designed to attract maximum additional borrowings of a non-inflationary type, as from individuals, insurance companies, trust funds, savings institutions, and others.

"The elimination of all non-essential Government activities, and the reduction to the bone of essential non-war activities."

The general program was presented by Mr. Alvord. Specific features were dealt with by the other three. Technical amendments to the corporation income tax law were proposed by Mr. Hopkins, who voiced strong objection to the proposed retroactive application of the tax measure to fiscal year corporations. While approving the House proviso restoring to groups of affiliated corporations the privilege of filing consolidated returns, Mr. Hopkins voiced the Chamber's objection to the 2% penalty tax that would be levied upon returns filed on a consolidated basis.

Proposed changes in the statute dealing with special five-year amortization for defense facilities and technical administrative changes in the income tax law affecting individuals were taken up by Mr. Shorb, with particular reference to the proposal to permit deduction by individuals of expenses incurred in connection with income of a non-business nature.

* * *

The recommendations made to the Committee by Mr. Alvord, follow in part:

"An effective incentive to voluntary investment in Government bonds would go a long way toward solving two vital problems: (1) The immediate need for financing a large part of current deficits out of private income and savings, and (2) the admitted necessity for both corporations and individuals to provide resources now against the dangers and to meet the unforeseeable demands of the post-war period. We are convinced that both purposes can be served by the adoption of an incentive savings plan.

"In contrast to the Chamber's specific proposals for an incentive plan, the plans of the Treasury and others for some sort of a post-war 'refund' or 'credit' are unworkable, inadequate, and discriminatory.

"Avoidance of tremendous tax liabilities retroactively imposed upon individuals. The adoption of the Ruml Plan to give a much needed opportunity to enact a well-rounded plan for taxing the incomes of individuals upon a current basis.

Not more than $1,000,000,000 in additional taxes should be imposed retroactively upon individuals. But many billions more than the House Hill provides can be imposed if collected currently as incomes are earned. Financing the war from the savings and current incomes of individuals, in taxes and borrowing, must be approached as one problem. For example, the so-called Ruml Plan should receive most serious consideration and, we believe, should be adopted. If adopted, then substantial sums can be collected at the source, as a normal tax, beginning Jan. 1, 1943. Withholding at the source and incentive savings can also be made effective. Retroactive impositions can be avoided. And billions will pour into the Treasury in excess of the Treasury's expectations.

"A corporate normal tax and war surtax of not more than 35%, with appropriate adjustments for net incomes of less than $25,000.

"Revision of the excess profits tax credits and relief provisions to define more accurately true excess profits.

"Rates to be imposed upon excess profits must depend upon the balance of the tax program—for example, upon the rate to be imposed upon normal profits, whether only true excess profits will be subjected to excess profits tax rates, and whether a workable incentive-savings plan is enacted. If our recommendations are adopted, then the highest practicable rates should be imposed upon excess profits, with the safeguard of preliminary brackets at moderate rates.

"A retail sales tax, without exemptions (except for direct Government purchases) at an effective rate of 10% with appropriate adjustments for articles of first necessity. A 5% withholding tax, collected at the source, on all compensation, dividends and interest paid to individuals.

"The rate of tax upon capital gains should be moderate—certainly greater than the existing rate—and a shorter holding period should be adopted. Otherwise, the basic provisions of the present law, except for a few minor changes, should be maintained. Their efficacy lies in their permanence.

"The House Bill proposes in substance to substitute a single holding period of 15 months, to increase the alternative tax on capital gains from 15% to 25%, to allow capital losses of both individuals and corporations only to the extent of capital gains, to change in important respects the definition of capital gains and losses, and to provide a five-year carry-over of net capital losses. The adoption of a single reduced holding period is a step in the right direction.

"The Treasury proposal to limit capital losses to capital gains is indefensible. If the present system produces no net revenue, the capital gains tax should be abandoned in favor of the British system, under which only speculative, or trading, gains are taxed. But the Treasury should not be permitted to collect revenues from capital gains, and at the same time prevent reduction of those revenues by arbitrarily restricting capital losses.

"Adoption of adequate provisions for the recognition of foreign war losses.

"Repeal of the provision for renegotiation of war contracts contained in the Act of April 28, 1942."

Named Governor of Hawaii

President Roosevelt's nomination of Ingram M. Stainback, of Hawaii, to be Governor of the Territory of Hawaii succeeding Joseph B. Poindexter, was confirmed by the Senate on July 27. Mr. Stainback, a native of Somerville, Tenn., is now United States Attorney for the district of Hawaii. The President nominated Mr. Stainback on July 23.

W. A. Tyson Dead

Warren Allen Tyson, senior partner of Warren A. Tyson Co., 1528 Walnut St., Philadelphia, Pa., died suddenly on his way to his office. Mr. Tyson had been in the brokerage business for the past 34 years and had headed his own firm since 1922.

WE WISH TO BUY
South American
and
European Dollar Bonds
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All Sterling Issues
Firm Bids on Request
KATZ BROS.
Established 1920
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40 Exchange Pl., N.Y. HA 2-2772
BELL TELETYPE NY 1-423

What Common Stocks?

A leaflet discussing the kind of common stocks attractive for purchase under today's conditions and taking up the question of whether the assets-per-share factor is to become important again in view of new corporation taxes is being distributed by Estabrook & Co., 15 State St., Boston, Mass., members of the New York and Boston Stock Exchanges. Copies of the leaflet, which contains some interesting suggestions may be had from Estabrook & Co. upon request.

Churchill And Stalin Confer In Moscow

Prime Minister Winston Churchill of Great Britain has concluded a series of conferences in Moscow with Premier Josef Stalin of the Soviet Union on the conduct of the war against Germany, it was disclosed in Moscow on Aug. 17. The United States was represented at the talks by W. Averell Harriman, lend-lease administrator in London, who was appointed by President Roosevelt to accompany Mr. Churchill on the trip. Also attending the meetings were a group of high American and British field and staff leaders.

The official Soviet communique summed up the results of the conferences as follows:

"A number of decisions were reached covering the field on the war against Hitlerite Germany and her associates in Europe.

"In this just war of liberation both Governments (Russia and Britain) are determined to carry on with all their power and energy until complete destruction of Hitlerism and any similar tyranny has been achieved.

"The discussions, which were carried on in an atmosphere of cordiality and complete sincerity, provided an opportunity of reaffirming the existence of the close friendship and understanding between the Soviet Union, Great Britain and the United States of America, in entire accordance with the Allied relationships existing betwen them."

It was reported that the British and American groups were in Moscow four days, Aug. 12-15.

R. G. Andrews Is Now V.-P. Of J. M. Dain

MINNEAPOLIS, MINN.—J. M. Dain & Co., Rand Tower, announce that Rollin G. Andrews is now associated with their firm as Vice-President. Mr. Andrews was formerly an officer of Wells-Dickey & Co., with which he was connected for many years.

Promising Rail Outlook

The present is an opportune time for investment in railroad bonds, according to the latest bulletin issued by Strauss Bros., 32 Broadway, New York City. The bulletin, entitled "Promising Outlook for Rails," emphasizes the cumulative effect of high war-time earnings and stresses the lack of justification for post-war fears. Copies of this interesting bulletin may be had from Strauss Bros. upon request.

Purcell Reports Progress In Conference Between SEC And Dealers On Problems

Representatives of the securities industry and the Securities and Exchange Commission held the second of a series of joint conferences in Philadelphia on Aug. 17 at which time preliminary reports of the progress of various groups, studying uniform reporting, corporate accounting standards, cooperation between exchanges, trading practices and assistance to the war industry, were discussed.

Ganson Purcell, Chairman of the SEC, said that considerable progress has been made on these and other phases of the program, particularly the group discussing uniform financial reporting, but that formal proposals were not yet ready. Mr. Purcell added that he will call another general conference when a substantial number of reports from the group meetings are received.

From the Philadelphia "Inquirer" of Aug. 18 we take the following:

"Despite anticipation to the contrary, Mr. Purcell said that the question of the proposed disclosure rule applying to the over-the-counter dealer-brokers had not been mentioned, except in passing, but indicated that it would be a subject of prime consideration when the committee handling trading practices held its first meeting within the next month.

"We received reports from each of the sub-committees, Mr. Purcell said in describing the meeting, and found that work had been accomplished in each case.

"The most significant report came from the group dealing with the uniform financial report. The members of that committee have reached general agreement of policy as to what it will do in providing a report acceptable to all of the agencies which must receive such information.

"We expect that in a week or so we will have something for submission to the annual meeting of National Association of Securities Commissioners to be held in St. Paul in the first week of September," Mr. Purcell said.

"He praised liberally James A. Treanor, Jr., a director of the trading and exchange of SEC, for being instrumental in bringing the representatives of the commission and the industry together so swiftly that general agreement had been reached in such short order.

"The remainder of the day, following the two-hour session, was spent by the representaives of the industry in meeting with various persons on the staff of SEC, the better to lay their plans for future work. Purcell said that it had been agreed that until one or more of the sub-committees was in a position to make substantial reports as to accomplishments, no further meetings of the general group would be held.

"Asked to what had been done by the sub-committee handling the increased contribution by the industry to the war effort, Mr. Purcell replied that it had been assured by other Governmental agencies — Treasury Department, RFC, and so on—that the industry could expect to be called upon to play an increasingly important role, but did not elaborate as to details."

All those who attended the first meeting on July 20 were present at this conference with the exception of Andrew W. Reid, President of the Detroit Stock Exchange. H. H. Dewar, Chairman of the Board of Governors of the National Association of Securities Dealers, Inc., attended the present meeting.

The first meeting was reported in these columns of July 23, page 265.

Allotment Figures On Recent Treasury Ctfs.

Final subscription and allotment figures with respect to the recent offering of $1,500,000,000 of ⅞% Treasury Certificates of Indebtedness of Series B-1943 were announced on Aug. 15 by Secretary Morgenthau, indicating that total subscriptions received amounted to $3,272,818,000, of which $1,609,327,000 were allotted. The books to this offering were open Aug. 6 and 7. A description of the certificates and preliminary results of the offering were given in our issue of Aug. 13, page 544.

In connection with the current offering of an additional amount of 2½% Treasury Bonds of 1962-67—the "tap" issue—the subscription books were closed at the close of business Aug. 15. The books had been opened Aug. 3. Total subscriptions through Aug. 13 aggregated $1,143,085,200. Subscriptions for these bonds, designed especially for investment by other than commercial banks, are allotted in full. When these "tap" bonds were first offered in May sales totaled $882,078,700.

Subscriptions and allotments for the ⅞% certificates were divided among the several Federal Reserve districts and the Treasury as follows:

District	Total Received	Total Allotted
Boston	$159,515,000	$78,454,000
New York	1,448,236,000	698,529,000
Philadelphia	142,119,000	70,408,000
Cleveland	158,627,000	80,633,000
Richmond	100,147,000	49,922,000
Atlanta	117,730,000	59,005,000
Chicago	559,485,000	278,189,000
St. Louis	109,993,000	56,309,000
Minneapolis	48,294,000	26,385,000
Kansas City	94,237,000	47,999,000
Dallas	84,357,000	41,872,000
San Francisco	250,062,000	121,606,000
Treasury	16,000	16,000
Total	$3,272,818,000	$1,609,327,000

Result Of Treasury Bill Offering

Secretary of the Treasury Henry Morgenthau, Jr., announced on Aug. 17 that the tenders for $350,000,000, or thereabouts, of 91-day Treasury bills dated Aug. 19 and maturing Nov. 18, which were offered on Aug. 14, were opened on Aug. 17 at the Federal Reserve Banks. The details of this issue are as follows:

Total applied for, $711,549,000.

Total accepted, $352,409,000.

Range of accepted bids:

High, 99.925, equivalent rate. Approximately 0.297%.

Low, 99.905, equivalent rate. Approximately 0.376%.

Average price, 99.906, equivalent rate. Approximately 0.372%.

36% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Aug. 19 in the amount of $251,726,000.

Ft. Pitt Bridge Works
Common & 6s of 50
Penn. Central Airlines
Convertible Preferred
Mexican External
and Internal Loans
Mexican Interest Arrears Cfs.
Bought—Sold—Quoted
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

Ins. Stock Attractive

According to interesting analytical memoranda just issued by Mackubin, Legg & Co., 22 Light St., Baltimore, Md., the stock of American Re-Insurance Company, Federal Insurance Company, General Reinsurance Corporation, Great American Insurance Company, Hanover Fire Insurance Company, Home Insurance Company, and Massachusetts Bonding & Insurance Company offer attractive situations at the present time. Copies of the circulars may be had by writing to the Bank & Insurance Stocks Department of Mackubin, Legg & Co.

Our Reporter On "Governments"

(Continued from first page)

the sale brought in more than the best guesses beforehand tells the story by itself. . . .

The new ⅞% certificates were bought heavily by country banks, figures show, indicating the favorable reaction to the higher rate, longer maturity. . . . Certificates seem an excellent medium for any institution or individual with excess cash that must be on call at any moment. . . .

Market is dull now, utterly uninspired but pickup is expected over the next fortnight as investors and dealers recover from the long open sale of the taps. . . . Minor advance in the long-term issues looked for by many. . . .

The three issues of 2s due in 1951/49 are still attractive in comparison with both the long and short-term markets, due to the fact that they haven't been fully distributed as yet, they're outstanding in too large amounts, they're in the porfolios of so many insitutions. . . . As the weeks go by, these 2s should become more attractive no matter what your maturity position is. . . .

Canada is starting its first sales of deposit certificates. . . . New securities bear ¾% interest, mature 26 weeks after issue date, are sold to banks and have maximum limit as of this moment of $500,000,000. . . . Great Britain has been using this type of "inflationary bank borrowing" since July, 1940. . . .

Insurance companies bought more than 50% of May issue of taps, bought only 40% of total this time, indicating statistically the wider distribution obtained by the Victory fund salesmen this time. . . .

Change in reserve position of New York City and Chicago banks will add a $400,000,000 of excess reserves in these cities, thus easing tight reserve position. . . . Along with this goes Reserve announcement that banks can rebuy from the Federal Reserve any Treasury bills sold to the system at the same price. . . . "Repurchase agreement" in effect gives banks greater freedom to help themselves over tight spots and then return to original positions when special situation passes. . . .

TREASURY BILL RISE?

For a few weeks we should be free of cash borrowing announcements and have time to catch our breaths. . . . But it's possible that even this looked for breathing spell will be interrupted by some story concerning an increase in the total of Treasury bills offered each week. . . .

At present, the maturing bill total is at $250,000,000, as compared with $150,000,000 in recent months. . . . The Treasury is selling only $350,000,000 bills a week, and thus is receiving only $100,000,000 new cash out of its weekly sales. . . . Until now, it was receiving $200,000,000. . . .

Feeling among experts is the total of bill sales may be increased soon to the $500,000,000 mark. . . Thus giving Secretary Morgenthau $250,000,000 of new money per week. . . . With daily expenditures getting dangerously close to the $200,000,000 level, the bills must yield more revenue than currently, it is said. . . .

Sales of bills are economically desirable, especially if the distribution of the bills is nationwide and the securities reach the country banks. . . . They may be used as a medium for equalizing the unbalanced excess reserves total, may be considered one effective way to put all idle cash to work for the Treasury at this time. . . .

Federal Reserve's ruling on repurchase of bills indicates this increase is being considered. . . .

Incidentally, Reserve is buying huge amounts of bills and probably must continue to do so. . . . Out of $192,481,000 purchases by open market committee in week before this, bills accounted for $108,704,000 and certificates of indebtedness, for $76,627,000. . . . Since the current open market operation began in the second week of April, the Reserve Banks have purchased $1,060,000,000 of Governments, the largest open market operation ever carried out. . . .

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NAM Advocates Penalizing Recalcitrant Labor In Strikes Rather Than Industry

A national labor policy to penalize "employees who are at fault," as in the outlaw strike at the General Cable Company plant at Bayonne, N. J., without confiscating war production plants and making management "an apparent dual offender," was advocated on Aug. 14 by William P. Witherow, President of the National Association of Manufacturers. In a letter to George W. Taylor, Vice-Chairman of the War Labor Board, the NAM spokesman applauded President Roosevelt's action in forcing the reopening of thes truck war production plant of the General Cable Co., while denouncing the method employed.

"Americans who believe that democracy is based on fair play, will seriously question the procedure which is being followed," Mr. Witherow said. Describing the issue as a "challenge by a hit-and-run minority to the sovereignty of the Federal Government," Mr. Witherow declared that "instead of confiscating the property, the Government should protect the property." And, "management should be encouraged to reopen the plant with Government protection for those employees who desire to go back to work."

The Association President added an appeal to the WLB to "handle recalcitrant labor directly and decisively when it thus deliberately holds up the nation's war program, rather than dragging industry in as an apparent dual offender."

Mr. Witherow's letter follows in part:

"In the apparent absence of any more concrete recommendation from you, the President directed the Secretary of the Navy to seize the property of the General Cable Corp. as a means of forcing the employees of the company to accept the Labor Board's decision. Even though successful in this case, we respectively submit that it not only fails to discourage similar defiances of the Labor Board in the future, but it actually encourages them.

"In your message to the President you very clearly pointed out that the management of the General Cable Corp. had met every requirement of your Board and that the 'sole' cause of the strike was the refusal of the employees to accept the Board's mandate. Thus, the issue no longer is a dispute between management and labor; it is a challenge to the sovereignty of the Federal Government by an outlaw labor minority. Management simply is an innocent bystander.

"And against all rules of fairness and equity, the innocent bystander is the one being penal-

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

There are a lot of things that are amazing to the Washington political observers these days, but one of them is the seeming lack of interest in the primary campaigns. In none of the primaries thus far held has more than a relative corporal's guard turned out, frankly no more than the office holders or the machine vote. The result has been that most of the incumbents have been renominated whether they were pre-Pearl Harbor interventionists or isolationists, to use the terms loosely as they are used, or whether they were pro or anti-New Deal. Several have barely gotten through, but nevertheless they got through.

A few weeks ago there was every indication that the people were loaded for bear, that they were disgusted with Washington and all things connected with it. Nowhere was the feeling that the Congress was in for a housecleaning more pronounced than in Congress itself. The feeling still persists in Congress, and certainly there is no indication that the people aren't just as disgusted with Washington as they were a few weeks ago. How, then, can the lack of interest in the primaries be explained? The best answer is that there is not enough understanding of the importance of primaries, that the voters generally are just waiting to get their hands on the incumbents next November.

Congress isn't likely to be improved by such unintelligent treatment as this. With the voters taking such little interest in who the candidates are to be in the first instance, they are quite apt to vote out many good men and vote in men who aren't worth their salt.

A striking instance of this possibility lies in the New Jersey

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Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present emergency.

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THE FINANCIAL SITUATION

The collapse of the effort on the part of the President and, more openly and fully as aggressively, by Mr. Willkie to "purge" the Democratic and Republican parties of pre-Pearl Harbor "isolationists" has, we feel certain, heartened many forwardlooking, patriotic American citizens. That the American people have spoken definitely and authoritatively on the subject, and that their verdict is plain and emphatic, no one can well doubt. Says the New York "Times" (Aug. 13), long an ardent "interventionist" of wide influence:

> Tuesday's primaries undoubtedly revealed a large number of American voters who would not unseat a Senator or Representative because he had been isolationist prior to Pearl Harbor. The cases which stand out are Representatives Hamilton Fish of New York, Elston and Vorys of Ohio, and Senator Thomas of Idaho, all Republicans and all veterans of two or more terms; Representatives Barry, Pfeifer, O'Leary and Kennedy of New York, all Democrats and all veterans of one term or more, and Marcantonio of New York, also a veteran, who achieved distinction by winning on the Republican, Democratic and American Labor tickets. One Ohio Democrat who had opposed the President's foreign policies, Martin Sweeney of Cleveland, went down to defeat, but he was alone in his misfortune.

The Reason

The reason for this rejection of the absurd position of the leaders of the two parties is not far to seek. It is all but universally conceded that a substantial majority of the people of the United States, to speak conservatively, were "isolationist" before Pearl Harbor in the sense that they earnestly wished and ardently hoped to remain aloof from the devastating war that engulfed most of the remainder of the world. Neither President Roosevelt nor Mr. Willkie for a moment during the election campaign of 1940 dared do other than encourage hope that we should succeed in avoiding participation in that war. To be sure, both advocated many policies and programs which inevitably tended to draw us in, but in doing so they never omitted the "short-of-war" assurances so popular at the time. There may have been some change in the temper of the people during the following year, but neither the President nor Mr. Willkie during that later period ever suggested or even intimated their desire for a declaration of war. The American voter may do queer things at times, but he is not likely to turn against any office holder or office seeker merely because that candidate held views identical with his at some date in the past.

(Continued on page 635)

"Unity," "Sacrifice," and----

But we're going to win! And we're going to win through two things, one of which . . . is unity among ourselves and then sacrifice by us all. Now, neither of these things is easy. It's not easy to attain unity in a democratic country. It puts a supreme test upon patriotism to bring about that unity, and yet I daresay there is no citizenship responsibility resting upon each of our soldiers that is greater than the responsibility upon each of us to promote that requisite unity.

And then as to sacrifice—whether we want it or not we are going to get it from the top to the bottom. We haven't begun to feel it here yet. You've got to steel your hearts for sacrifices you've never known in your lives. We have Valley Forges ahead of us. Make no mistake about that. But at the end of that bloody trail through Valley Forges will stand a Yorktown where the enemy surrenders.—Secretary of Navy Knox.

All this may be and doubtless is essential to win, but wars are not won by "unity" and "sacrifice" alone.

Would it not be a good thing if we heard less of Valley Forge, and saw more wisdom and ability in the performance of the duties of leadership so necessary if the Valley Forges are not to be in vain?

Reaffirms Principles Of Atlantic Charter

President Roosevelt in commemorating the first anniversary of the signing of the Atlantic Charter, sent to Prime Minister Winston Churchill of Great Britain on Aug. 14 a message reaffirming its principles as the basis for "our hopes for a better future for the world."

The President and Prime Minister signed the declaration at a secret meeting at sea a year ago (referred to in these columns Aug. 16, page 915) when the United States was still at peace.

In his message of Aug. 14 President Roosevelt noted that when the charter was signed the "nations resisting a common, barbaric foe were units or small proups fighting for their existence" but now "they have formed a great union of humanity," known as the United Nations.

The President's message follows:

"A year ago today you and I, as representatives of two free nations, set down and subscribed to a declaration of principles common to our peoples. We based, and continue to base, our hopes for a better future for the world on the realization of these principles. This declaration is known as the Atlantic Charter.

"A year ago today the nations resisting a common, barbaric foe were units or small groups, fighting for their existence.

"Now, these nations and groups of nations in all the continents of the earth have united. They have formed a great union of humanity, dedicated to the realization of that common program of purposes and principles set forth in the Atlantic Charter, through world-wide victory over their common enemies. Their faith in life, liberty, independence and religious freedom, and in the preservatioin of human rights and justice in their own lands as well as in other lands, has been given form and substance and power through a great gathering of peoples now known as the United Nations.

"Freedom and independence are today in jeopardy — the world over. If the forces of conquest are not successfully resisted and defeated there will be no freedom and no independence and no opportunity for freedom for any nation.

"It is, therefore, to the single and supreme objective of defeating the Axis forces of aggression that the United Nations have pledged all their resources and efforts.

"When victory comes we shall stand shoulder to shoulder in seeking to nourish the great ideals for which we fight. It is a worthwhile battle. It will be so recognized through all the ages, even amid the unfortunate peoples who follow false gods today.

"We reaffirm our principles. They will bring us to a happier world."

Briefly, the Atlantic Charter's eight principles, as noted in the Associated Press:

"No territorial or other aggrandizement.

"No territorial changes not in accord with the freely expressed wishes of the peoples concerned.

"Respect for the rights of all peoples to choose their forms of government.

"Equal access by all nations to world trade and raw materials.

"Fullest international economic collaboration.

"Establishment of a peace assuring safety to all nations and freedom from want and fear to all men.

"Freedom of the seas.

"Abandonment of the use of force among nations: disarmament of those threatening aggression."

Editorial—

Misleading Official Statistics

Ananias lived too early and missed opportunities which would have been open to him in modern America within the higher circles of the current bureaucracy. For the sin of prevarication he was stricken with sudden death but, if he had lived in 1942, he might have gained emoluments and the outward trappings of dignity and distinction among the statisticians of the Office of Price Administration. But if he had attained that singular advancement he must have encountered, from at least one of his colleagues, a bold and dangerous challenge to his supremacy. Surely, in no characteristic capacity could he have excelled the unnamed rival who lately succeeded in so manipulating and juggling the data relating to national income as to obtain some superficial semblance of support for his surprising statement that, despite increased rates of wages, premium wages for overtime, continuity of employment, and ample demand at high prices for all farm products, the total income received by individuals and families in the consumer group receiving less than $2,500 a year will be smaller in 1942 than in 1941, and that the whole increase in national income, together with something subtracted from the former receipts of that group, will this year accrue to the numerically smaller body of consumers which has always enjoyed the higher incomes.

This anonymous genius, who has been permitted publicly to parade his delusive data under the official banner of Mr. Leon Henderson's well-advertised section of the Federal bureaucracy, went even further. He undertook to support the belief that one-third of this Nation, which has assumed the unparalleled task of supplying the United Nations with material assistance as well as the responsibility of becoming a direct participant in global warfare, remains "ill-fed, ill-clad, and ill-housed," by representing that $25,000,000,000 of the national income of 1942 is being absorbed by some two per cent of its families. These figures, if not consciously mendacious, and it must be assumed that they are offered in good faith, are so absurd upon their face, they conflict so plainly and so radically with information supplied by the Treasury Department, and soundly based upon returns accepted for the purposes of income taxation, as to reflect most unfavorably upon the intelligence of whoever authorized their publication. Yet they emanate from one of the most powerful agencies of the Federal Government, that one which controls prices and subsistence-rationing intimately affecting every household in the land, and any credence which they may anywhere receive must inevitably affect the treatment of imminent problems of Federal economy and taxation and of immediate financing for war purposes. In actual origin they can scarcely represent anything except the irresponsible and wild vagaries of a meagre and distorted mind but, because of the quasi-endorsement of their official publication, they must be given further examination. To demonstrate their complete falsity and utter worthlessness need not consume much time or space.

To begin with, the classes to which the anonymous analyst attributes $25,000,000,000 of income in 1942 never at any time heretofore have received materially more than one-fifth of that aggregate. The Treasury Department has the sworn statements of all their members, Treasury agents and auditors have subjected them all to rigid examination supported by detailed inspections of the accounts of the individuals represented, and it has summarized and published much of the data that they contain. For the year 1939, it reported this group as receiving $5,300,000,000 and its best present estimate is that, allowing for all the undoubted increase attributable to higher prices and other consequences of current war activities, the 1942 aggregate cannot possibly exceed $8,000,000,000, which in itself and in the light of all known circumstances seems to be an impossible and unthinkable increase. That is to say, however, that where the Office of Price Administration attributes taxable income of $25,000,000,000 for 1942 to a very small group, which it accuses by implication of engrossing more than its reasonable and proper share, the responsible officers of the Treasury Department, an older Federal agency that is much better equipped and oriented in the field of income taxation, fixes the highest possible figure at below one-third of that sum. Furthermore, out of last year's increase in the national income, which approximated $21,250,000,000, the Department of Commerce has reported that no less than $16,800,000,000 represented increased payments to the groups composed of recipients of wages and salaries. Undoubtedly, the receipts in this category during 1942 will prove to be much higher than in 1941. Coincidentally, the Department of Agriculture has made public its estimate that the cash income of the farmers of the United States will reach $15,000,000,000 in 1942, which is to be contrasted with $11,600,000,000 in 1941, an increase for the current year of nearly 30%. It must, of course, be recognized that these data, coming from the Departments of Commerce and of Agriculture, cannot possess the slightest degree of accuracy without serving conclusively to demonstrate that the figures emanating from the Office of Price Administration must be ridiculously remote from all semblance to the realities. For if, in combination, the wage-earners, the salaried employees, and the farmers of the United States, are receiving at least $20,000,000,000 more in 1942 than they received in 1941, it is simply impossible that the incomes of families receiving less than $2,500 a year are currently diminishing, unless most of the wage-earners, salaried employees, and farmers are recipients of a great deal more than $2,500 a year. Equally, assuming the accuracy of these data, it would be impossible that $7,000,000,000, out of a total increase of $11,000,000,000 in national income, claimed in the report under criticism, should have reached individuals and families in the income classes above $10,000, unless those classes include many wage-earners, salaried employees, and farmers.

Probably no such statistical absurdity as that here under discussion ever before attained official publication, although a great deal that has emanated in the past from similar official sources has gone far to support the ancient observation that the progressive degrees of untruth are represented by "lies, damned lies, and statistics." Truth is that the astonishing estimates just promulgated from the price-fixing and subsistence-rationing agency of the Government are derivations built up by estimates, assumptions, and guesses enlarging upon and adding to an alleged "study" of consumer incomes claimed to be applicable to the years 1935 and 1936, or portions of those years, made by the National Resources Commission, the published results of which were long ago demonstrated to be erroneous and misleading. They were, however, subsequently relied upon, after enlargement by more estimates and assumptions, as the foundation for a monograph called "Who Pays the Taxes?" prepared in connection with the work of the Temporary National Economic Committee. Now, they reappear, enlarged and embellished in the same manner, as an emanation incidental to the activities of the Office of Price Administration. Each of these successive publications has exceeded its predecessor in the imaginative character of its spurious foundations and sources and in the unreliability of its demonstrably false conclusions and each has, in its turn, been exposed by sound and deadly criticism and comparisons with the known facts. Yet experience does not at all warrant the anticipation that any of them will cease to be quoted and relied upon by the unsophisticated and the statistically and economically illiterate, until at least they have been superseded by something still more remote from the truth and even from plausibility among the competent and enlightened.

Such misuses of the opportunities of official publication ought to condemn those by whom they are permitted to something more to be dreaded than exposure as careless or incompetent servants of the public. They tend to poison the sources of public opinion and to sabotage the processes of self-government and democracy where the utmost of integrity and illumination is essential to the commonweal. If sometimes they are resorted to in cynical contempt for the intelligence of the masses and because they appear to shortsighted advocates of particular policies of government as the easiest means for obtaining requisite approval from the masses, as it is impossible not to suspect, those who rely upon them ought to be driven from office and permanently considered as beneath contempt. We should be glad to know that Mr. Leon Henderson had no direct share in approving the recent publication attributed to the Office over which he presides. He is a statistician of some experience and of excellent reputation within that technical field. Largely, the prestige leading to his advancement in the public service was acquired while he labored as a statistician in relatively subordinate Federal employments. It is impossible to believe that he would not, almost at a glance, recognize the highly palpable falsities of the publication so recently permitted to appear from his Office. It is probable that he never saw it or read a word that it contains.

(Continued from first page)

Should Go Further

Now that the atmosphere has been cleared of one of these murky pollutions, it is to be hoped that coming events will soon remove some of the others of a like sort and the same origin. One of the most dangerous of these is the notion that the events of the past eight or nine months have proved the former so-called "isolationist" wrong, and shown conclusively that he must now join the forces of the "internationalists" if his patriotism and his intelligence are to remain unquestioned and unquestionable. They have shown nothing of the sort. Japan has revealed herself a treacherous, unscrupulous, ruthless imperialist—which she was, of course, already known to be. Nothing that she has done has shown or could prove the claims of those who somehow had managed to convey the impression that she was but awaiting the fitting moment to cross the Pacific and conquer this country. Certainly Germany has been too much occupied in Russia to give evidence to support similar allegations against her. What has been demonstrated clearly is that the policies pursued by us in the world situation as it then existed led inevitably to our involvement. Whether we should have sooner or later become involved in any event remains, as it was before Pearl Harbor, a debatable question.

Post War Projects

What has happened and is happening in India, the difficulties by which we find ourselves confronted in our efforts to carry the fight to our enemies across vast distances, and various other developments during the past three-quarters of a year should, we are certain, render us less ready, not more eager, to follow the will-o'-the-wisp ideas of the ardent internationalists as to the proper and wise post-war position and policies of this country. It is in their attitudes toward such questions that the difference is now to be found between the "isolationist" and the "internationalist". There is no longer any question of our "intervention". That issue has been decided for better or worse. We are in the war now, and must, of course, fight it to the limit of our ability. On that point "isolationist" and "internationalist" agree, and must agree. An "isolationist" now to become an "internationalist" must turn his eyes to the post-war world and support plans for remaking that world, by force, if necessary, more to his liking. Such projects appear to us to be in the process of becoming less appealing with each passing day.

But, First, Win The War!

But the really important task that lies ahead of the American people at the coming elections is to make it clear beyond cavil that their paramount interest now is in winning the war as quickly and as decisively as is humanly possible. They must leave no doubt in any mind that what they demand of candidates is not that they be able to show a record of having held such and such a view of international policy at some date in the past, or that they subscribe to some as yet not clearly defined line of conduct after the war, but that they give evidence of a determination and an ability to contribute directly and substantially to winning the war. Any other attitude on the part of the public at this stage would be most unfortunate. We have literally scarcely begun to fight. The war for us lies ahead. Its successful conduct requires the utmost concentration and the very best ability that the country can muster.

The Home Front

Strictly military operations have not as yet proceeded far enough, and available information as to what has and what has not been done is too scant, for the public to form any settled opinion on that subject. But all such campaigns must with the best of strategy and of direction depend for success upon the productive machinery at home, and there it is now evident all is not going as well as it should be. Industry has marshalled its forces with almost incredible speed and precision, but somewhere at the top where responsibility rests for adequate over-all coordination and management there have been shortcomings, how grave can not as yet be determined, but it is evident that there have been serious blunders. Plans have gone badly awry, and those who have made the mistakes show no willingness to let the public know what has gone wrong or who is responsible. Here the interest of the public should be, and we suspect is, centered.

But it is not only in the direct management of the industrial aspects of the war effort that shortcomings are evident. The whole philosophy of the New Deal as exemplified in programs of control and management of all phases of life, in utter unwillingness to forego supposed political advantages accruing from pampering labor and the farmer, in coddling the so-called underprivileged "classes" (which now are often the privileged "classes")—all this is seriously if sometimes indirectly hampering, we had almost said hamstringing, the prodigious industrial effort that is being made by business men everywhere. Efforts to control prices, unwise in their own right, are made unavailing and more injurious by unwillingness to tackle the matter of wages or to place a restraining hand upon the farmer.

These are, or should be, burning issues in these coming campaigns and quite sufficient to drown out all discussions of "isolationism" and "internationalism". Our first task, and a grievous one it is, is to win this war.

Post-War Market Facts Subject Of Survey

A vast post-war public demand for goods is seen by the Chamber of Commerce of the United States in the results of a preliminary survey of consumer markets just completed. The sample canvass is being followed by a nation-wide survey, already under way, as a part of the Chamber's war effort, which is directed primarily to aiding industry in its war production efforts.

"While the first job of business is to win the war as quickly as possible," said Eric A. Johnston, Chamber President, "we must not overlook the fact that when peace comes we shall have to turn to the every-day task of supplying the nation's accumulated wants and in doing so furnish jobs for the millions who will be released from the armed services and from war production." Mr. Johnston further said:

"The Chamber has in its membership both large and small business enterprise. It is made up predominantly, however, of small business concerns and, therefore, is vitally interested in their plight. We believe that these studies of post-war markets will be of great benefit to small business concerns as well as large ones.

"The nation-wide survey, now under way, which will be kept up to date currently, will seek to furnish government and industry with current facts on post-war consumer needs and potential purchasing power, together with the time and requirements for reconversion of industry to meet the demands of a renewal of peacetime production.

"We hope to ascertain facts that will make easier the huge re-employment task that will follow the ending of the war. Theories have their proper place in post-war planning, but the problems that peace will bring to American industry and to the country as a whole will be solved only on a foundation of facts.

"The survey is divided into two phases — consumer research and specific industrial research. First to be analyzed will be the post-war market. Then, the market analysis will be translated into terms of raw materials, plant capacity, machine tools, and labor required to meet the demands of consumers."

It is indicated that it was decided to undertake the project on a comprehensive national basis after the test survey had disclosed that:

"The public seems to be acutely conscious of things it would like to buy and almost certainly would buy within the next six months if the war should end tomorrow.

"Four-fifths of the people interviewed said they are now ready to make one or more major purchases of certain specified articles if it were not for the war."

The test survey is also said to have revealed that most people are not—on the basis of present savings—counting on buying for cash. "If the limited results of the preliminary test should prove typical of the nation as a whole," said Mr. Johnston, "the American habit of instalment buying will continue to be a major factor in large consumer purchases."

People, as shown in the preliminary pilot canvass, want new homes, new automobiles, home improvements and conveniences, electric iron, washing machines, refrigerators and other home conveniences. Utilizing the most modern methods of ascertaining consumer opinion, the national survey has the following objectives:

"1. To provide an actual inventory of major types of family purchases—that is, things that American families now possess, such as automobiles, homes (rented or owned), appliances, etc.

"2. To determine when things now in use are expected to wear out.

"3. To determine points or desire. 'If the war ended tomorrow what are the things you would most likely buy?'

"4. To determine ability to buy."

Specific industry researches will be undertaken by broad divisions of industry, such as construction, natural resources, transportation and communications, manufacture, distribution, insurance, finance and foreign commerce. The industrial survey will be facilitated through the cooperation of the National Chamber's extensive membership of 1,750 chambers of commerce and trade and industrial associations.

Building Activity In First Half $6 Billion

Total private and public construction activity for the first half of 1942 in the continental United States amounted to more than $6,000,000,000, Secretary of Labor Perkins reported on Aug. 12. "Under the expanded war program public construction rose from approximately $2,400,000,000 in the first six months of 1941 to $4,000,000,000 during the first half of 1942," she said. "Military and naval construction increased 84% over the first half of 1941 and the construction of Federally financed industrial facilities increased three-fold over the same period," Miss Perkins further reported:

"Shortages of critical materials and conservation order L-41, prohibiting the start of unauthorized construction after April 8, 1942 resulted in sharp curtailment of private construction. Total private construction during the first half of 1942 amounted to $2,000,000,000, a decrease of about $400,000,000 from the same period of 1941. First quarter activity was almost as great in 1942 as in 1941 with the decrease of $400,000,000 occurring in the second quarter.

"Private non-residential expenditures, including privately financed war plants, declined 41% in the first half of 1942 as compared with the same period of 1941. Non-farm residential construction activity was 24% under the 1941 level. Expanding farm income during the first half of 1942 resulted in greater expenditures for farm residential and service buildings. In order to meet war and essential civilian requirements for public utility construction was increased 17% over the level for the first half of 1941.

"Federally financed war housing expenditures in the first six months of the year amounted to $226,000,000. Public non-residential activity excluding industrial facilities declined to about 75% of the total for the first half of 1941. Highway construction was curtailed about 14%. Other Federal construction, largely conservation and development work, increased slightly as compared with the first six months of 1941 while state and local construction dropped from $105,000,000 to $85,000,000."

Urges Action Against Recalcitrant Labor

(Continued from first page)

ized. The procedure followed by the President deprives management and the stockholders of the company of their property rights but imposes no penalty whatsoever upon the guilty employees. In fact, the press this morning reported that leaders of the insurgent group were "elated" at the Government's action. It is obvious that if such action "elates" the strikers it will not serve to discourage similar strikes in the future. Quite the opposite, it provides a positive incentive.

"Management will not be encouraged in war production by the knowledge that its best effort will be rewarded by confiscation, if and when the labor party in collective bargaining chooses to defy Government.

"The NAM believes that this creates a dangerous and un-American precedent, and that you should have recommended a course when you certified the case to the President which would discourage future defiance of the Government and sabotage of the war effort.

"We respectfully submit to you that an appropriate procedure must be one that penalizes the party at fault, and not the party which has met its every obligation to the Government. In such cases, instead of confiscating property, the Government should protect it. Management should be encouraged to reopen the plant with Government protection for those employees who desire to go back to work. Employees who do not elect to return to work should be replaced immediately with willing workers. Of course, it goes without saying that the men who voluntarily refuse to work no longer are engaged in an essential war occupation and should immediately lose all such deferment rights under Selective Service. In addition, the United States Employment Service should refrain from placing them in other essential jobs.

"Until the Government adopts such a policy and thus discourages strikes in defiance of its rulings, the decisions of the War Labor Board will be little more than scraps of paper—contracts which are binding upon only one of the parties involved.

"Professional labor leaders undoubtedly will suggest to you that such positive Governmental action is politically dangerous, but the great mass of patriotic and loyal citizens of this nation will vigorously endorse the policy of penalizing the guilty rather than the innocent. So will the vast majority of union workers whose reputation is being besmirched by the pampering of the few who subordinate patriotism to personal privileges.

"In fact, further temporizing with minority groups that defy the Government is far more dangerous, both politically and to the effectiveness of the War Labor Board's work, than the equitable procedure we have suggested. Failure to adopt this more realistic policy will crystallize the demand for Congressional action which again is rising because of the steady increase in labor disputes since Pearl Harbor."

Baker Fed. Reserve Director

Albert Z. Baker, President and General Manager of the Cleveland Union Stock Yards Co., has been appointed a Class C Director of the Federal Reserve Bank of Cleveland, it is announced by M. J. Fleming, President of the Bank. Mr. Baker fills a vacancy on the Board of the Cleveland Bank created by the resignation of Walter H. Lloyd. His term will run to Dec. 31, 1944.

The State Of Trade

Business activity in some quarters showed slight setbacks for the week, with reports from most of the leading industrial areas showing up favorably compared with last year.

During the week ended Saturday, Aug. 8, the electric light and power industry produced 3,637,070,000 kilowatt hours of electrical energy, according to the Edison Electric Institute. This was an increase of 12.5% over the output in the corresponding week in 1941, but was fractionally below distribution in the previous week which aggregated 3,649,146,000 kilowatt hours.

Steel ingot production in the United States will be approximately 12,000 tons more in the current week than during the preceding seven days, the American Iron & Steel Institute reports.

At the same time the Institute, in examining prospects for future operations, announced that a survey of plants had disclosed that mill and furnace inventories of iron and steel scrap are 40% lower than they were 18 months ago. Such scrap supplies represent only an average of two to three weeks' supply at current operating rates, the Institute said.

Steel ingot production is scheduled this week at 97.2% of rated capacity, indicating net production for the week of 1,662,800 tons. Last week the schedule was 96.5% and output 1,650,800 net tons. In the like 1941 week 1,589,400 net tons of steel ingots were produced.

Loading of revenue freight for the week ended Aug. 8, totaled 849,752 cars, according to the Association of American Railroads. This was a decrease of 13,776 cars from the preceding week this year, 28,753 cars below the corresponding week in 1941, and 122,679 cars above the same period two years ago. This total was 125.06% of average loadings for the corresponding week of the 10 preceding years.

Further curtailment of public purchasing during the current week, chiefly in larger cities, *furnished the only marked change in the general business and trade* picture, according to Dun & Bradstreet, Inc.

The gap widened between sales results of small and neighborhood stores and those of large city units, with the rise in rural and war production area income held major factors. Department store sales, which spurted last year, were off sharply, with all retail trade sagging 7 to 14%.

Department store sales on a country-wide basis for the week ended Aug. 8, were down 5% from the same week a year ago, it was shown in the weekly figures made public by the Federal Reserve System.

Department store sales in New York City in the week ended Aug. 8, were 13% smaller than in the same week of last year, and in four weeks ended Aug. 8, were 8% below those of the same 1941 period, according to the New York Federal Reserve Bank.

Civilian and military employment rose to the new peak level of 56,400,000 in June, as students free for the vacation months and other new workers were drawn into industry and agriculture, according to the division of industrial economics of the Conference Board.

The survey reveals that 14,250,000 were engaged in manufacturing in June, factory employment having increased by 1,000,000 during the last year. War production has also increased the relative importance of manufacturing employment, which now accounts for 35% of all non-agricultural civilian employment, as against 33% in 1941 and 31% in 1940, the Board reports.

The 136 Class I steam railroads which have reported to the Interstate Commerce Commission show aggregate net income of $63,668,283 after taxes and charges for May, compared with $43,140,477 in the 1941 month.

For five months ended May 31, these roads had net income of $211,538,528, compared with $119,884,311 in the year ago period.

American Telephone & Telegraph Co. reports to the Federal Communications Commission net income of $91,363,024 for six months ended June 30, compared with $96,317,831 in the 1941 period.

Construction activity during the second half of the year is likely to fall only moderately below the extremely heavy rate that prevailed during the first half, observers state. It is pointed out that since the second half of 1941 witnessed a huge volume of war construction, the total of the second half this year is not likely to be as great as that of the same period last year.

Private and public construction totaled more than $6,000,000,000 during the first half of this year. For the year as a whole, the total is likely to approximate $11,700,000,000, according to estimates made by the Department of Commerce. This total would exceed last year by about $600,000,000.

The continuing heavy demands for raw materials by the construction industry may result in Government regulation of such materials as cement and lumber, which are likely to be used in increasing quantity to replace steel.

Savings. & Loan Funds Finance War Housing

Private capital to the extent of $54,028,000 went to finance war housing in the second quarter of 1942 by way of the loans of savings, building and loan associations and cooperative banks, the United States Savings and Loan League reported on Aug. 15. Morton Bodfish, Executive Vice-President of the League, points out that these institutions lent within $4,000,000 as much to house war workers during April, May and June of this year as they did for all kinds of home construction during the same period four years ago.

Since the WPB Order L-41 went into effect all construction loans are naturally counted as for war housing, Mr. Bodfish explained. Associations, it is stated, loaned $15,930,000 for this purpose in June, the latest month for which figures are available. It represented 16.93% of the savings, building and loan total disbursement, which was the third largest for any month so far in 1942. It is likewise pointed out by Mr. Bodfish that:

"The $94,095,000 which the associations loaned for all purposes in June was within 95/100's of 1% of the total for the previous month, and 55.38% of it went to finance the purchase of existing homes. Dollar volume for this purpose was $52,112,000 as compared with $55,973,000 in the same month last year, showing that the demand has shown no appreciable fall-off in this category. June was the third month so far this year when more than $50,000,000 was loaned to buy homes.

Refinancing loans, many of which include major disbursements for the remodelling of homes from one to two or more dwellings, were a larger proportion, 16.14%, than in any month since January. Credit granted by savings and loan institutions for repair and modernization in June was the second largest amount of any month in 1942.

Can Win War But Be Defeated By Inflation

America can win the war but be defeated by inflation, Walter D. Fuller, Chairman of the Board of the National Association of Manufacturers, warned at the Chautauqua Institute Assembly at Chautauqua, N. Y., on Aug. 7. Blanket increases in wages and salaries, class taxation and favoritism to pressure groups will feed the fires of inflation, he emphasized.

"Inflation is as much our enemy as Hitler or Hirohito," declared Mr. Fuller. "It is an unseen enemy that creeps up on us. And it is creeping now. There is not a housewife in the nation who needs to be told that inflation has crept into her market basket. She can see it in the price of everything she buys." Mr. Fuller continued:

"The facts about inflation are clear. In June close to 50% of our industrial output consisted of armaments. That leaves 50%, or less, manufacturing the things all of us buy—clothing, food, etc. That alone would be inflationary. But more people are at work at higher wages than ever before. Payrolls will increase about $15,000,000,000 this year. The American public will have more money to spend and less goods to buy. Since the outbreak of the war in Europe there has been a 17% increase in the cost of living. That's inflation at work.

"Should wages be increased more simply because a few shortsighted labor leaders want to perpetuate their jobs at any cost? That's the way to feed the fires of inflation. Blanket increases in wages and salaries will contribute more to the bonfire than anything else.

"When blanket wage increases are demanded, that is a demand for a special exemption from the decline in the standard of living—the cost of this war—at the expense of everyone else. Is any group entitled to such an exemption? Isn't this the war of all America? Aren't we all in the same boat, sacrificing alike for victory and ready to share alike in the glory of success?

"In all sincerity I say to you that blanket wage increases no longer are a question of whether or not companies can afford them. Can the people of America afford them? Can labor itself afford them? Can labor afford to pay the price of inflation? Just as the flame lures the moth to her death, so labor is being drawn toward disaster by the magnetism of blanket wage increases."

Denying recurring rumors of unconscionable profiteering in some war industries, Mr. Fuller cited the House Naval Affairs Committee's recent study of 39,405 war contracts and its finding that "95% of war contractors are doing an honest and effective job and receiving only fair and reasonable profits." The Committee pointed out that even among the other 5%, "many of the contractors have voluntarily reduced their profits when the situation was called to their attention either by direct refunds or price reductions on future deliveries."

Mr. Fuller further said:

"In the months that we have been at war I have sat in many meetings of businessmen, and I can tell you that the concern of management today is not with profits. Profits have been largely forgotten for the duration. But the concern of management today is with reserves. It would be only half a victory to win this war and then find ourselves so weakened by inflation or unwise taxation that business could not finance the transition to peace. Business and industry must remain strong so as to be in a position to reemploy men and women in peaceful pursuits. Machinery to build automobiles and washers and a thousand other things again will cost money—plenty of money. It will be expensive to rebuild markets and reopen the channels of distribution.

"Businessmen are fearful that inflation will wipe out the reserves of our nation—the precious reserves upon which our standard of living must be rebuilt. Such inflation would be disaster to our nation second only to a defeat by the Nazis. The world's recovery from these dark days might be delayed a hundred years."

War Housing Needs Private Financing

The Government's program for production of war housing still calls for the building of 270,000 dwelling units in the 12 months immediately ahead by private enterprise and private financing, according to John B. Blanford, Jr., Administrator of the National Housing Agency, who indicated this in his first major public address, given at the recent annual meeting of the Metropolitan Chicago Home Builders Association.

Expressing appreciation of the work home builders through their national organization are doing in constant conference with government officials to find ways for meeting war-period difficulties, Administrator Blanford, and Earle S. Draper, now Deputy Commissioner of FHA, who also addressed the dinner meeting of 1,400 operative builders, emphasized the necessity of limiting all new housing construction at this time to the needs of in-migrant war workers, and the necessity that approximately 50% be rental housing. They underlined as No. 1 problem the problem of materials, said "We are doing and shall do everything we can to get materials to the builder."

Mr. Blanford said in part:

"Our task is to meet war need and only that need. Best estimate of the War Manpower Commission is that we shall have 1,600,000 in-migrant war workers to house within the next 12 months. We estimate that nationally we can absorb approximately one-half of the in-migrants in existing housing. Our program contemplates four general types of housing: dormitories for single workers; family dormitory apartments; temporary family dwelling units; family homes permanent in character wherever such units can be absorbed into the community. There we ask that private enterprise and private financing take over and do as much of the job as they possibly can.

"The materials situation is all-absorbing and most important. Here we face reality in all its darkness, get the real impact of the war.

"A few months ago housing was a step-child. On thousands of units of partially-completed housing work had to be delayed, suspended. Today the situation is a bit better. Housing is getting a hearing. WPB and NHA policy states in so many words that war housing is essential and that the materials for it must be made available. With this co-operation we are getting speedier processing of products, we are getting higher priorities and new procedures. We have gotten relief from the lumber order and gradually there is evolving smoother and, we hope, more effective procedures.

"It is our present policy and practice to feel that where there is permanent community need and where there are the materials for the job we should not waste those materials but should build the dwelling units."

"Tax To The Limit" War Financing Urged

A $37,000,000,000 "realistic, tax-to-the-limit" war financing measure was approved in New York on Aug. 12 by the Executive Committee of the National Association of Manufacturers. J. Cheever Cowdin, Chairman of the N. A. M. Committee on Government Finance, who undertook a nation-wide series of tax conferences for the Association before preparation of a report which formed the basis of the war measure, said:

"Every man, woman and child in the United States is directly and vitally affected by this tax bill, upon which may depend:

"1. Whether or not the United States will win this war of production; and

"2. Whether free enterprise, after the war, will be able to provide employment not only for all present workers, but for the fighting forces returning to peacetime pursuits.

"The business men of this country fully realize the desperate situation in which this war places all of us.

"No manager of a war plant, for whom we speak, would consider he were doing any less than his duty by paying taxes to the limit.

"To get a definte answer to the question, 'How much can the American people raise from business without impairing that war effort and without destroying the American system for which they are fighting?' the N. A. M. did three things:

"A. We made a complete and factual study of manufacturing companies' earnings for the twenty years up to 1940; and

"B. We made a confidential nation-wide questionnaire survey of the 1942 earnings, profits and financial requirements of thousands of businesses, of every kind and character, in every State of the Union; and

"C. In every important industrial area from coast-to-coast, we talked to over three thousand business leaders and war manufacturers—they represented every State and all types of business, large and small."

Mr. Cowdin appeared before the Senate Committee on Finance on Aug. 13 when he presented the complete recommendations of the Association.

Dr. J. J. Schurman Dead

Jacob Gould Schurman, former American diplomat and noted educator, died on Aug. 12 in Memorial Hospital, New York City. He was 88 years old.

Dr. Schurman, who was President of Cornell University for 28 years, served as Ambassador to Germany from 1925 until 1930, at which time he retired. Among other diplomatic posts held by Dr. Schurman were Minister to Greece in 1912 and Minister to China from 1921 to 1925. He also served as first President of the Philippine Commission in 1899, by appointment of President McKinley, and helped to draw up the charter for the islands.

Navy Finance Advisers

The Navy Department announces the appointment of Tom K. Smith, President of the Boatman's National Bank of St. Louis, and R. M. Hanes, President of the Wachovia Bank and Trust Co. of Winston-Salem, N. C., as advisors to the finance section of the Navy's office of procurement and material. According to United Press accounts from Washington Aug. 9 the Navy said that both men would retain their present business connections but would be "subject to call for special consultation." It was added that their experience with "small as well as large banks throughout the country" was expected to be of "considerable assistance" in solving financial problems of Navy contractors.

War Shortages Affect Printing Industry

America's printing and publishing industry, which has "suffered very little until now under the accelerating war program," must prepare to "cheerfully grub out its own salvation amidst the shortages of labor and materials that appear all too close," E. W. Palmer, Deputy Chief of the Printing and Publishing Branch of WPB, said in a speech on Aug. 10 to the International Association of Printing House Craftsmen in convention at Grand Rapids, Mich. Mr. Palmer stated that "while it is true that the industry does not use up beyond recovery any considerable tonnage or volume of the presently critical metals, it is likewise true that the industry must have certain vitally necessary materials if it is to exist."

Among the critical metals the industry needs, he said, are aluminum, antimony, copper and brass, chromium, iron, lead, magnesium, nickel, steel, tin and zinc. He added:

"Inks are comparatively easy at the moment; some chemicals are in the critical stage, others fairly easy; rubber is critical, shellac has been put under curtailment control; silver nitrate is definitely tight; nitric acid, of which the newspaper industry uses some 9,000,000 pounds a year, has not appeared on the critical list as yet; adhesives are becoming somewhat more difficult to obtain in large quantities."

Stitching wire, a constant need of printers as a necessary binding material for newspaper supplements, magazines, booklets and textbooks, should be conserved in every way possible, Mr. Palmer said, because of the critical iron and steel products situation. "Indications are that only a bare subsistence tonnage of stitching wire will be available so long as the present shortage of iron and steel supplies continues," he said. He urged newspapers to find a substitute for the iron wire used in tying bundles for delivery.

Buyers of printing papers, he said, should "limit their stockpiling to carefully estimated requirements for the early fall months." Mr. Palmer went on to say:

"Today, in anticipation of a possible transportation stringency this fall, the provisions of Priorities Regulation No. 1 have been relaxed to permit accumulation of a heavier inventory of printing papers and this should obviate another immediate shortage provided buyers limit their stockpiling.

"One of the serious aspects of the paper supply is the varied uses to which paper and board are being put as substitutes for metals and other critical materials. The printing industry must anticipate many conversions to paper and paper products from the now critical metals. If it can 'cash in' by fitting its facilities to the making of new products while such new products are being developed, it will have gone a long way towards solving a major part of its serious problem of finding adequate printing volume."

Regarding conversion of the industry generally, he said:

"It is fairly clear to the average citizen that an industry easily converted to direct war effort stands a much better chance of 'living through' than an industry like the printing and publishing industry, essential to the civilian economy, morale and comfort though it may be, but with practically no possibility of conversion to direct war effort."

While the industry has seldom encountered a shortage of labor, Mr. Palmer pointed out that 7,348 men from the industry had already been called to the armed services up to June 30. The number includes 1,474 compositors, 102 electrotypers and stereotypers, 501 lithographers, 222 photo-engravers, 2,432 printers and 2,617 other printing craftsmen. "It is conceivable that the selective service drag on the industry will assume an accelerated ratio in the very near future," he said.

Intensify Effort To Remove Fire Hazards

With the issuance of a proclamation by President Roosevelt, designating the week of Oct. 4 to 10 as Fire Prevention Week, the Chamber of Commerce of the United States has intensified its plans for bringing about the widest and most effective observance of the event.

President Roosevelt, in his proclamation issued Aug. 5, called upon the people of the country "to give special heed to the importance of taking active measures, during that week, and throughout the year, to conserve our human and material resources from the destructive toll of fire." At the same time, the President directed the Office of Civilian Defense and other Federal units to initiate programs for stressing the importance of attaining the objectives sought in the fire prevention effort. He also asked State and local governments and other agencies to promote observance. In its announcement the Chamber of Commerce said:

"For the last 20 years the National Chamber, with its 1,750 member organizations representing an underlying membership of nearly a million business men, has collaborated with government agencies and 31 other organizations comprising the National Fire Waste Council in making Fire Prevention Week a significant occasion in reducing the Nation's enormous annual fire waste. Particularly effective in this program have been the nearly 600 chambers of commerce in as many cities which participate in the Chamber's annual Inter-Chamber Fire Waste Contest.

"In 1941 the national fire loss amounted to $304,000,000 and for the first six months of this year the loss approached $171,000,000, or 4% greater than the comparable period in 1941.

"Every year fire takes a toll of 10,000 lives throughout the country and a very much larger number of people are injured by fire. In the first six months of 1942 there were 38 large fires in the United States, each involving an estimated loss of $250,000 or more, many of which were in war production plants or in essential wartime facilities such as warehouses, ships and piers. But in some cases even small fires occurring in plants, under subcontract making some essential part for large airplanes or other implements of war, have held up assembly lines of large war production factories.

"In this critical year when every fire diverts material and manpower from decisive war production, interrupts and impedes the war program and in many cases destroys vital materials and facilities that cannot be replaced during the present emergency, it is especially important that all public and private organizations join together in an intensive effort to eliminate fire hazards and to take essential steps for fire protection.

"Today when full war production is the concern of every citizen, we simply cannot afford our costly peacetime national extravagance of preventable fire losses. It is, therefore, the duty of every person and every organization throughout the whole Nation to eliminate all ordinary fire hazards and to give fullest cooperation to national and local government agencies in all essential measures for protecting industrial plants, civilian population and vital resources from uncontrolled fire that may occur from any cause."

Newspaper Pressmen Win Pay Increase

A new contract between 13 members of the Publishers Association of New York City and the New York Newspaper Printing Pressmens Union, Local 2, providing for an increase of 50 cents a shift for the pressmen, went into effect on Aug. 11.

The pay increase was the result of an award handed down Aug. 10 by George W. Alger, Chairman of a five-man arbitration board, which conducted hearings from March 17 to April 15. Regarding the pay increase, the New York "Times" of Aug. 12 added:

"The 50-cent increase per shift will be tantamount to a weekly increase of $2.50 for each man, since the new contract also provides that, except for foremen and assistant foremen, members of the union shall not work more than five days a week unless the union is unable to furnish substitutes.

"Under the new contract, rates for pressman-in-charge are $13.25 for night work and $12.75 for day work. Journeymen pressmen will receive $11.75 for night work and $11.25 for day work. Extras who work less than three shifts a week also get a bonus of 50 cents for each shift worked.

"The wage increases were made retroactive to July 1.

"Hours and working conditions of the old contract, which expired June 30, 1940, remained unchanged except that the award added one man to a three-unit press."

Lend-Lease Farm Product Deliveries To July 1

Agricultural commodities from farms and ranches in every one of the 48 States are contributing to swell the volume of foodstuffs which the Agricultural Marketing Administration is delivering for shipment to the United Nations, the Department of Agriculture said on Aug. 8.

The Department further explained:

"Figures on Lend-Lease deliveries of food products to July 1 show that nearly every American dinner-table standby from pork to spinach has been drafted for the Allied armies now fighting back the high tide of Axis attacks. Increasing amounts of fruit concentrates, dehydrated foods and vitamins are being purchased for shipment to the armed forces of the United Nations, and to help ward off hunger and disease among the children and civilians behind the lines.

"More than doubling the volume of the previous month, in June the Agricultural Marketing Administration laid down at shipside some 586,000,000 pounds of farm products and processed foods. Total deliveries since the start of the program in April, 1941, aggregate 5,769,000,000 pounds, costing approximately $806,000,000.

"Among the various commodity groups, the largest volume delivered to representatives of the United Nations in June was in grain and cereal products which amounted to 187,000,000 pounds. The second largest volume was in the grouping which includes meats, fish and fowl, June deliveries of which exceeded 119,000,000 pounds. In other commodity groups, items showing relatively large deliveries included cheese, dry skim milk, dried apples, canned beets and carrots, concentrated citrus juice, canned and dried pears, processed strawberries, lard and canned potatoes.

"New commodities delivered in June for the first time included dry whole milk, rye flour, canned turnips, parsnips, soup broths, dried currants and dried figs."

A Safe Haven For Investment Funds

Individual investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- **Atlanta Federal Savings & Loan Association**
  22 Marietta Street, Atlanta, Ga.—Write for free booklet, "A Safer and Better Plan."
- **Business Men's Federal Savings and Loan Association**
  608 Main Street, Cincinnati, Ohio.
- **Danielson Federal Savings and Loan Association**
  84 Main Street, Danielson, Conn.—Write for free booklet and information.
- **Equitable Savings and Loan Association**
  314 E. Wisconsin Avenue, Milwaukee, Wis.
- **First Federal Savings and Loan Association of Detroit**
  150 West Fort Street, Detroit, Mich.
- **First Federal Savings and Loan Association of St. Paul**
  350 Cedar Street, St. Paul, Minn.
- **First Federal Savings and Loan Association of Wewoka, Okla.**
- **Fletcher Avenue Saving and Loan Association**
  150 East Market Street, Indianapolis, Ind.
- **Fulton County Federal Savings & Loan Association**
  Ground Floor, Trust Co. of Georgia Building, Atlanta, Ga.
- **S. R. Gaynes & Co.**
  225 Broadway, New York, N. Y.—Write for booklet F.
- **Guaranty Savings and Loan Association**
  2004 Second Avenue, North, Birmingham, Ala.
- **Hinsdale Federal Savings and Loan Association**
  8 East Hinsdale Avenue, Hinsdale, Ill.
- **Northern Federal Savings and Loan Association**
  4th and Cedar, St. Paul, Minn.
- **Northwestern Federal Savings and Loan Association**
  823 Marquette Avenue, Minneapolis, Minn.
- **Oak Park Federal Savings & Loan Association**
  104 North Marion Street, Oak Park, Ill.—Write for booklet.
- **Olympic Savings and Loan Association**
  6201 West Cermak Road, Berwyn, Ill.—Write for detailed description.
- **Peoples Federal Savings and Loan Association**
  1700 West 21st Street, Chicago, Ill.
- **St. Paul Federal Savings & Loan Ass'n of Chicago**
  2116 West Cermak Road, Chicago.—Write for 105th Semi-Annual Report.
- **Twin City Federal Savings & Loan Association**
  Eighth and Marquette, Minneapolis, Minn.
- **Union Federal Savings and Loan Association**
  160 East Market Street, Indianapolis, Ind.

*Guardians, insurance companies, State, school and municipal sinking funds, firemen's, police and other pension funds, etc.

Home Loan Bk. System Has 10th Anniversary

Mile-stones in the growth of the growth of the Federal Home Loan Bank System in a single decade to a national credit reserve serving home-financing institutions with assets of $5,500,000,000 are recalled in the tenth anniversary issue of the "Federal Home Loan Bank Review."

The member institutions of the Bank System, now numbering 3,815, have made home loans aggregating more than $1,000,000,000 for each of the past two years, the August "Review" points out, and now serve 7,000,000 investors and borowers. They have drawn upon the System for nearly $1,000,000,000 in credit.

Letters from President Roosevelt and John B. Blanford, Jr., Administrator of the National Housing Agency, to Commissioner John H. Fahey of the Bank Administration, appear in the "Review." Recalling the early struggles to establish the System "as an essential source of credit in the distressed mortgage field," the President's letter concluded:

"The steady development of the System during even trying years provides an outstanding example of the useful productive strength which can be turned to the benefit of society through intelligent cooperation between government and private industry."

In tracing the history of the Bank System, the "Review" recalls "the bitter experiences of the depression which brought this national credit reservoir into being":

"Real estate prices collapsed. New building activity declined rapidly. Foreclosures rose at a disastrous rate. The flow of savings into financial institutions dried up, while failing confidence and shrinking income caused increased withdrawals of accumulated funds. Home mortgage lending came to a stand-still. Mortgages became unmarketable and almost useless as collateral for credit because there was no organized machinery to meet this particular need."

This situation set the scene for developments that culminated July 22, 1932, when the Federal Home Loan Bank Act became law.

"On November 22, 1932, the first member was admitted and on Dec. 15 the first credit advance was made by one of the Regional Banks. By Dec. 31, 101 thrift and home-financing institutions were members.

"By June 30, 1942, gross advances of almost $929,000,000 had been made to members, providing them with home financing funds, and repayments have totaled more than $736,000,000. All of this credit financing has been accomplished without a single loss in the 10 years' operations."

The Bank System's membership consists of savings and loan associations, homestead associations, cooperative banks, mutual savings banks and insurance companies.

Only Getting Stride On Arms Production

President Roosevelt informed the nation on Aug. 9 that "great progress has been made in the battle of production but, in terms of what will be required to defeat our enemies, we have only just begun to get into our stride."

The President's statement was read at a special nation-wide radio broadcast, directed by Elmer Davis, head of the Office of War Information, marking the presentation of the first Army-Navy production awards to management and workers for outstanding service. Mr. Roosevelt called on the people to turn out the weapons of war without interruption "to produce the victory which will again establish the tradition of free men throughout the world."

The program also consisted of brief addresses by high Government, labor, military and naval officials. Among these were Admiral William D. Leahy, the President's chief-of-staff, who spoke from Washington; Admiral Chester W. Nimitz, commander-in-chief of the United States Pacific Fleet, who broadcast by short wave from "somewhere in the Pacific," Lieut. Gen. Dwight D. Eisenhower, Commander of the United States forces in the European theatre, who spoke from England; William L. Batt, Vice-Chairman of the War Production Board; Robert P. Patterson, Under Secretary of War; James V. Forrestal, Under Secretary of the Navy; William Green, President of the American Federation of Labor, and Philip Murray, President of the Congress of Industrial Organizations.

The President's statement follows:

"Great progress has been made in the battle of production, but in terms of what will be required to defeat our enemies we have only just begun to get into our stride. To win this war, an unceasing *flood of warships and materials must pour forth from the factories, shipyards and mines of our country.*

"The men and women of management and labor who provide such material are performing a task without which victory would be impossible. The Army and Navy, united in their efforts today as never before in the history of our country, have established a civilian decoration to be called the Army-Navy production award. This award will be conferred on war facilities in which notable production records are achieved, and on the men and women who work in them.

"An Army-Navy flag flying above a factory or a mine will bear witness that management and labor there are doing their utmost to help their Army and Navy to win this war. Any Army-Navy emblem, worn by a civilian, will evidence outstanding service in the greatest production force in the world today — a united and free army of American workers.

"The united efforts of our Army and Navy striking at the enemy on every continent and every ocean, and of our peple at home working without interruption to turn out the weapons of war, cannot fail to produce the victory which will again establish the tradition of free men throughout the world."

Payment On Panama Bonds

Holders of 26-year 3½% external secured refunding bonds, series B, due March 15, 1967, of the Republic of Panama are being notified that $101,000 principal amount of these bonds have been drawn by lot for redemption at 102½ of the principal amount. The bonds will be redeemed on Sept. 15. 1942, at the head office of the fiscal agent, the National City Bank of New York, 55 Wall St.

NWLB Grants Raise To N. Y. Bldg. Employees

The National War Labor Board on Aug. 3 unanimously decided to increase the wages of building service employees in New York City because of changes in the cost of living since January, 1941, and because of currently existing inequalities. The Board's announcement says:

"The Board's decision settles a dispute over the renewal of a master agreement which now covers 2,225 apartment, office and loft buildings in the Borough of Manhattan, represented by the Realty Advisory Board on Labor Relations, Inc., and approximately 21,000 employees represented by the Building Service Employees International Union, AFL. The terms of the Board's decision will be incorporated into a new master agreement, which will then be open for acceptance by these and other buildings in Manhattan.

"The Board's decision, which accepted with minor revisions the unanimous recommendations of a panel composed of Ralph T. Seward, Dale Purves and Frank Tobin, contains the following major provisions:

"1. The Board increased the minimum wages which increases will be retroactive to April 20 by agreement of the parties, as follows:

Class	Present Wages	Union Demands	Rates Ordered
	1. Office	Buildings—Weekly	
A	$29.00	$33.35	$32.33
B	27.75	33.30	31.08
C	26.00	31.20	29.33
	2. Loft	Buildings—Weekly	
A	$27.75	$31.91	$31.08
B	25.75	30.90	29.15
C	25.00	30.00	27.50
	3. Apartment	Buildings—Monthly	
A	$106.00	$121.00	$121.00
B	96.00	116.00	111.00
C	86.00	106.00	101.00

The Board also states in part:

"The arbitrator set up under the Board's decision will have 'the power to grant relief . . . in respect to wages and hours for any particular building . . . to prevent undue hardship, injustice or inequality.'

"The Board increased the annual vacation allowance of six days for all employees who have worked a year or more, by providing an additional two days' vacation for each additonal year of employment up to a total of 12 days for four years.

"The Board ordered that the hours of work in lofts and office buildings be reduced from 59 to 54 a week for watchmen and from 47 to 46 a week for other employees. The hours for apartment house day men were cut from 53 to 51 and, for night men, from 62 to 60 a week.

"The Board granted a maintenance of membership clause which will not be binding upon employees until the building where they are employed has signed the contract. Up until that time, employees will have the right to resign from the union if they do not wish to be bound by the clause. The union had asked for a closed shop."

Insolvent National Banks Liquidated

Comptroller of the Currency Preston Delano announced on Aug. 12 that during the month of July, 1942, the liquidation of ten insolvent national banks was completed and the affairs of such receiverships finally closed. The announcement states:

"Total disbursements, including offsets allowed, to depositors and other creditors of these ten receiverships, amounted to $29,726,606, while dividends paid to unsecured creditors amounted to an average of 77.52% of their claims. Total costs of liquidation of these receiverships averaged 7.11% of total collections from all sources, including offsets allowed.

"Dividend distributions to all creditors of all active receiverships during the month of July, amounted to $1,215,664."

Employee Absenteeism Is Serious Problem

Because the developing labor shortage demands the utmost utilization of available man hours and because the utmost utilization of man hours creates a situation conducive to "taking time off" without legitimate reason, American industry is today giving more attention to absenteeism and to the means of reducing it than ever before, according to a forthcoming study by the Conference Board. The Board says:

"Quite apart from necessary absence resulting from illness or injury, workers take time off to shop, to get haircuts or for other trivial personal reasons, thus making voluntary absenteeism of great importance now, and it will be of increasing importance for the duration of the labor shortage. It is the purpose of employers to reduce this voluntary absenteeism to a minimum at the same time that they endeavor to prevent, so far as possible, illnesses and accidents and to reduce the time required for recovery."

In analyzing the situation the Board states:

"As in Great Britain, the present American shortage of labor has been translated into longer hours for workers on the job, and greatly increased wages through consequent payments for overtime. With more money, workers are inclined to take time off to spend their increases. Nor is this a situation which will be remedied by a decrease in possible purchases; instead, it raises still another problem. When increases in wages meet a corresponding decrease in the available consumers' goods, the value of the dollar is lowered to an employee. When a worker is unable to spend his dollars, the money incentive of his job is tremendously decreased so that, beyond a certain point, money may be less important than the time it represents."

The Board also has the following to say:

"Certain companies have reported great success from a modernized version of the old suspension - and - discharge disciplinary procedure. By analyzing absenteeism by days-of-the-week, these employers have discovered that it is highest on regular work days and lowest on pay days and days when time-and-a-half or double-time is paid. It was found that some employees would work on Saturdays and Sundays for the premium rates, and then take a corresponding number of days off during the week when regular wage rates were in effect. A solution, therefore, was to pay premium rates on weekends only when they represent an excess of work hours over the normal, full-week schedule, or to refuse to allow employees to work on Saturday or Sunday unless they had worked their regular schedule during the week."

OPA Limits Bicycle Sales

The Office of Price Administration on Aug. 10 amended its bicycle rationing order by further restricting the list of persons eligible to buy. The revised list, effective Aug. 15, is slightly broader than the automobile and tire rationing lists. It was explained that the War Production Board's recent order halting bicycle production at the end of August necessitated the change. The new regulations are designed to direct the limted supply of new adult bicycles into "essential transportation uses." The OPA issued a list of occupations eligible for bicycles, replacing the broad, original list which was drafted in expectation of a continuing supply. Under the order, the OPA includes a restriction so as to prevent the buying of new bicycles to save tires and gasoline for nonessential driving.

Create Post-War Ind. Plant Commission

Because of the important effect which our industrial plant pattern will have upon the future of American cities, the Society of Industrial Realtors has created a special commission to make a study of today's industrial developments as they relate to post-war urban readjustment. The Postwar Industrial Plant Commission, whose work is expected to aid immediately in the all-over enlistment of industrial facilities for the war effort, will go into these among other questions:

"(1) What should be considerations in location for continuing industrial activities;

"(2) Conversion of war-used plants back to domestic activity;

"(3) What should we do with temporary war plant facilities if we find them not needed in the post-war period;

"(4) Best utilization of plants that should be permanent in their character."

Charles J. Mitchell of Philadelphia has been named Chairman of the new committee by Walter S. Schmidt, President of the Society. The other members of the committee are: E. M. Boerke, Milwaukee, Wis.; Roy Seeley, Los Angeles, Calif.; Bethel T. Hunt, Memphis, Tenn., and Henry W. Merrill, Boston, Mass.

The Commission will meet in Washington late this summer and expects to hold an all-day panel discussion in connection with the annual meeting of the National Association of Real Estate Boards to be held in St. Louis, Nov. 18-21.

Brazil Rubber Financing

A new agency for financing rubber operations was authorized in Brazil in July 10, according to a recent advice to the Department of Commerce. The new rubber organization will have as its purpose the furthering of the Washington Accord of March 3, 1941, signed by the Brazilian Government and the Rubber Reserve Company, said the advices made available by the Department of Commerce which added:

"The agency, known as Banco de Credito da Barracha, will make loans to rubber producers for purchasing necessary equipment, for development of transport between the various centers, and for sanitation and colonization. It will have an exclusive right of purchase and sale of rubber of all types and qualities. The agency will be administered by a board composed of a president and two directors, one of which will be an American. Powers and functions in relation to the Brazilian rubber industry formerly vested in the Banco do Brasil are transferred to the new agency.

Newsprint Output Down

North American newsprint production in July was 338,236 tons, compared with 406,223 tons a year ago, a decline of 16.7%, according to figures issued Aug. 12 by the Newsprint Service Bureau. The seven months' total output was 3.1% below last year—2,635,548 tons, as against 2,720,901 tons.

Canadian production in July amounted to 241,178 tons, while shipments totaled 243,620 tons. The United States' output was 76,952 tons and shipments, 76,181 tons, while Newfoundland produced 20,106 tons. It is further stated that stock of newsprint at the end of July were 156,446 tons at Canadian mills and 17,820 tons at United States mills, making a combined total of 174,266 tons, compared with 175,937 tons on June 30, 1942, and 169,768 tons at the end of July, 1941.

OPA Clarifies Stand On Rent Adjustments

Factors constituting a "major capital improvement," one ground on which landlords may petition for increases in rents, are clarified further in a statement issued Aug. 12 by the Office of Price Administration. The latter's announcement states:

Maximum rent regulations when issued for a defense-rental area cut rents back to what they were on the maximum rent date with certain exceptions, one of which is when a landlord has made a substantial change in the housing accommodations by a "major capital improvement" since the maximum rent date. When the improvement has been made before the regulation goes into effect in an area, the maximum rent is the first rent after the improvement subject to review by the Area Rent Director. When the improvement is made after the regulation goes into effect, the landlord is not entitled to an automatic increase in the rent; however, he may petition the Area Rent Director for an upward adjustment of the maximum rent.

Maximum rent regulations have been issued thus far for 96 defense-rental areas.

The statement places a "major capital improvement" in one of three categories: (1) a structural addition; (2) a structural betterment; (3) a complete rehabilitation, and defines and illustrates all three.

Another point made in the statement is that "even though a major capital improvement is made, it does not necessarily follow that an adjustment in the maximum rent is justified." The improvement must result in a material increase in the rental value of the accommodations.

Steel Mission To Britain

Appointment of an American steel mission to Great Britain, as a "move to attack this basic war production problem of the two countries on a united basis," was announced on Aug. 8 by the Combined Production and Resources Board in Washington. The Board at the same time expressed the hope that a similar British mission would come to this country after the American group returned.

The American mission will be headed by Charles R. Hook, President of the American Rolling Mill Co. Other members are Paul F. Schucker, of the War Production Board's Iron and Steel Branch; Lt.-Col. Paul P. Llewellyn, U. S. Army; Captain G. A. Duncan, U. S. Navy; Walter S. Tower, President of the American Iron and Steel Institute; Earl C. Smith, of the Republic Steel Corp. The announcement stated:

"The capacity of the United States and Great Britain to make weapons of war out of steel is now greater than their joint capacity to produce steel. The combined board therefore considers it important that every pound be used as efficiently as possible in both countries so that the greatest possible number of tanks, planes, ships and guns may be thrown against the enemy."

The mission will study, among other things, the British system for control of steel production, allocation and distribution; how the programs of the two countries can be brought into better balance so that plates, shapes, structural steel and other materials can be produced in the proper ratio; whether increased production and savings in shippings can be effected by ending more ingot steel and less finished weapons to Britain or vice versa; and which theaters of war should be supplied by each country in order to save shipping space.

Calls For Increased Raw Material Output

An appeal for increasing the flow of raw materials to the fabricating plants was made on Aug. 9 by Elmer Davis, Director of the Office of War Information, in an address on the special Army-Navy Production Award broadcast over the Columbia Broadcasting System. Calling for more steel, copper, other metals and lumber, Mr. Davis said that now there is also need for "a program of intelligent allocation to bring the whole production picture into balance, harmonizing one phase with another." He added that the Army, Navy and War Production Board are working on this latter plan.

Explaining the reason for "all the clamor now for raw materials," the OWI Chief said that after Pearl Harbor the Government went out for the manufacture of finished products — tanks, planes, guns and ships. He further said that the first job of converting peacetime factories to war arsenals has mostly been accomplished and, while production is not yet satisfactory, the machinery for adequate production is on the whole available. Mr. Davis went on to explain that the global war now being fought will demand an immense amount of materials and to supply the machinery the emphasis must be transferred from finished products to raw materials.

Shipping Priority On 500 Import Items

The War Production Board announced on Aug. 6 that it has placed some 500 items of import from all parts of the world on an emergency shipping priorities list as vital to the nation's wartime economy.

Only items on this last, the WPB said, will be assigned space that becomes available on ships controlled by the War Shipping Administration which are bound for the United States, with the exception of lower-rated cargoes from the Caribbean area, the territorial and insular possessions of the United States, the British Isles, Canada and Newfoundland, where shipping space that has not been exhausted by items on the emergency list may be used. The list is subject to addition and revision in the future as needs change.

The WPB announcement further stated:

"The War Shipping Administration has agreed to limit cargoes carried on ships under its control to the emergency list in order to save shipping time. All ships belonging to belligerent United Nations countries are affected. Neutral ships which are not under complete control of the WSA may carry only such cargoes as conform to the regulations of General Imports Order M-63 if the cargo is to be legally imported into the United States.

"Heretofore, for over a year, priorities on imports have been in effect, but after essential cargo had been moved, non-priority cargo could be loaded. Now that the WSA has decided, in order to save shipping time, to load only priority cargo, the publication of the list is essential. No publication of tonnages, source areas, or comparative ratings can be made for reasons of public policy.

"The materials are listed with an indication of which section of the order governs them, if any, and a brief explanation of procedure.

"The Stockpile and Shipping Branch of the War Production Board, which has compiled the list, said that publication was designed to help further the importing of raw materials of an essential nature to the nation's factories and plants at a time when ships' space is extremely valuable and cargoes of uncertain value are offered in competition with those more essential.

"Many of the priority materials are subject to the provisions of M-63. This order separates many items of import into classes which are dealt with on the basis of their importance to the war effort. There is also in effect a quota system so that certain types of cargoes shall be carried up to an allocated quota only when a certiifcate is issued. This Certificate System also gives cargoes of special immediate importance a preferential treatment in the assignment of ships' space.

"General Imports Order M-63 is divided into three parts. The first two lists are made up of critical and strategic materials, important in varying degrees to the war effort, whereas List III is made up of less essential civilian items of which shipping space only permits that a limited quantity at best can be brought into the country because of the stringent shipping situation. Private purchases for import of the items under M-63 (all lists) are permitted only by exemptions issued by the War Production Board, through the Stockpile and Shipping Branch."

Wage-Hour Ruling

The time spent by an outside employee driving an automobile on business of his employer must be considered as time worked under the Fair Labor Standards Act, according to an opinion released Aug. 3 by the Wage and Hour Division, U. S. Department of Labor, according to advices from the Wage and Hour Division in New York, which said:

"The Division's statement of its position was specifically directed to the case of an insurance company with outside employees engaged in the insurance business, but it was pointed out that the principle involved would apply equally to other outside employees.

"Since an employee who drives an automobile is required to expend continuous effort and energy and has no opportunity to relax, sleep, eat or otherwise pursue his own interests, it is the opinon of the Wage and Hour Division," the statement said, "that all the time which an employee spends in driving an automobile on the business of his employer is time worked under the Fair Labor Standards Act. If, however, an employee works regularly at a fixed place of employment, the time he spends driving to and from work is not ordinarily to be considered time spent on the business of his employer and need not be treated as hours worked."

Steel Plant For Mexico

The Export-Import Bank of Washington announced on Aug. 12 a loan of $6,000,000 to Mexico to help build the proposed Altos Hornos Steel plant at Monclova, State of Coahuila, Mexico. The Bank said "the loan funds will cover the cost of new and second-hand equipment and materials and of services in the United States; expenditures for Mexican materials, transportation and services are being met with proceeds of sale of stock of Altos Hornos de Mexico, S. A., in Mexico." It is said that the credits were secured by notes of Nacional Financiera, S. A., which were, in turn, guaranteed by the Mexican Government.

The Export-Import Bank also announced, according to the Associated Press, that it had consented to more rapid use of last year's $30,000,000 credit to Mexico to build highways. The original loan limited its expenditures to a maximum of $10,000,000 a year, but this restriction has been eliminated, particularly to expedite the building of the inter-American highway from Mexico City to the border of Guatemala.

Queen Wilhelmina Addresses Congress

Queen Wilhelmina of the Netherlands was formally welcomed to Washington on Aug. 5 on a state visit. President and Mrs. Roosevelt, who met the Queen earlier in the day at the railroad station, gave a state dinner in the evening at the White House for the guest of honor. At the dinner, attended by Dutch and American diplomatic, military and political figures, the President, in his toast to the Queen, recalled the part played by the Dutch people in the colonization of this country and pledged enduring friendship between the two nations. He also praised the Queen for her "great leadership and high achievements. Queen Wilhelmina, in reply, declared a toast to Mr. Roosevelt's health as "head of this great country and of the success of its armed forces."

Following is the President's toast to Queen Wilhelmina:

"I think that all of us at this table tonight realize the symbolism of the visit of Her Majesty to this country of ours. We know the great part played by the Dutch people in the exploration and colonization that began in the earliest days of American history.

"And we remember that very soon after we engaged in war to gain our independence, it was a Dutch officer on a Dutch Island in the West Indies who fired one of the first salutes to the Flag of the United States carried on an American warship under the command of Captain Isaiah Robinson.

"The friendship between our great nations has never ceased. It has been the friendship of peoples who lived for the same kind of human rights and the same kind of national independence.

"May I add a personal note? The people of this great democracy everywhere hold the head of the Netherlands' Nation in respect not alone for her great leadership and high achievements, but they have in addition a deep and affectionate regard for her personality as the Mother of her people.

"My wife and I will always remember the privilege we have had, and are having, in a personal friendship with her and her daughter and her grandchildren. That friendship will always endure.

"All of us here tonight join in a toast to the Queen."

* * *

In response to the President's toast, the Queen said:

"I am greatly touched by the friendly welcome you and Mrs. Roosevelt have extended to me at the White House.

"This visit to this capital city is to me the culminating point of my stay in the United States.

"Great thoughts have been thought here, and great decisions taken, and the portraits of your predecessors which adorn these walls are a most expressive epitome of America's stirring history.

"I know that, when you make me feel a welcome guest, your thoughts are, like mine, with my country, where at this time, in East and West, oppression breeds resistance, and cruelty increases determination to hold out.

"These hard times will pass, and when at last victory will be ours, my compatriots like myself will know that this will be largely thanks to American spiritual and material forces alongside those of the other United Nations.

"I therefore raise my glass to drink the toast of your health, Mr. President, as the Head of this great country, and of the success of its armed forces."

On Aug. 6 the Queen addressed a joint session of Congress and received from President Roosevelt at the Washington Navy Yard a submarine chaser, transferred under the provisions of the Lend-Lease Act. Queen Wilhelmina also on Aug. 6 placed wreaths on Washington's Tomb in Mount Vernon and on the Tomb of the Unknown Soldier in Arlington Cemetery.

In her address to Congress, the first ever made by a reigning Queen, Queen Wilhelmina said that "no surrender" remains the constant motto of her people and pledged that in the war "we are with you and the other United Nations to the last." Saying it gave her great pleasure to appear before the members of Congress, the Queen declared:

"Seeing this great democratic assembly, renewing itself at regular intervals and meeting under self-made rules of law, seems to me a sure guarantee that liberty is foreever young and strong and invincible, whereas the autocrat, incapable of rejuvenating himself, is every day nearer his end, his regime doomed to die with him."

She further related the extent to which the Dutch are cooperating, both in resources and manpower.

Speaking of her country's war and peace aims the Queen asserted:

"We have adhered to the Atlantic Charter, and our lend-lease lease agreement with the United States points the way to wise international economic planning.

"We want nothing that does not belong to us.

"We want to resume our place as an independent nation on the fringe of the Atlantic, on the dividing line of the Pacific and the Indian Oceans and to remain your good neighbor in the Caribbean Sea, and we accept the responsibilities resulting from that situation.

"And above all, we want to see suitable measures taken in order that henceforth no nation may think it can, with impunity, break its pledged word or attack others."

The Queen's official visit to Washington was concluded on Aug. 7 when she attended the President's press conference and decorated five American naval officers for their part in the defense of the Netherlands East Indies.

The remarks of the President on the occasion of the transfer of a ship under the Lease-Lend Act, follow:

"Your Majesty:

"From the earliest days of history, the people of The Netherlands—your people—have been willing to fight for their freedom and independence. They have won out in the face of great odds.

"Once more they are fighting for that independence. Once more they will win and maintain it.

"We, too, are fighting for our freedom and it is natural and right that The Netherlands and the United States have joined hands in the common struggle.

"The gallant exploits of your countrymen have won the admiration of all the other peoples of the world—first, in The Netherlands itself and later in the Netherlands' Indies where, in the face of overwhelming numbers, your sons and our sons went down fighting to the bitter end on land and sea and in the air. Their memory inspires us to redouble our efforts for the cause for which they gave their lives.

"The Netherlands' Navy is today adding fresh laurels to those already won in battle from the North Sea to the Java Straits. We Americans can know no better cause than to assist your gallant Navy.

"It is, therefore, as a tangible expression of our admiration for all that the Netherlands' Navy has done, and is doing, that I have the great pleasure of turning over to you, under the provisions of the Lend-Lease Act, this ship.

"Built by American workers in American yards, she will hereafter fly the brave Ensign of The Netherlands.

"And she will bear the name of one who has come to stand in the eyes of the world as a symbol of Netherlands' courage and Netherlands' determination.

"For it is as the **'Queen Wilhelmina'** that she will embark upon her new career.

"I ask Your Majesty to receive this ship as a symbol of the friendship and admiration of the people of the United States."

In responding the Queen said:

"Mr. President:

"I am very happy that the transfer of this vessel under the provisions of the lend-lease agreement takes place during my presence in Washington. This enables me to thank you personally for your gracious initiative and for your continued personal interest.

"I see in this ceremony fresh evidence of the excellent spirit of friendship which ever since the days of Paul Jones has existed between our two navies.

"This admirable vessel, replete with the most modern technical devices, is a valuable addition to our naval forces.

"It will operate in close collaboration with the United States Navy against our common enemies. The officers and crew will do all they can to live up to the friendly thought to whch we owe this new unit of our Navy.

"I have gladly accepted your suggestion to give it my name.

"May your love of the sea and of seamanship pervade this vessel and inspire those on board.

"With this wish I now commission the Queen Wilhelmina."

The Queen on Aug. 15 presented to over 80 Netherland aviators the Order of King William, the highest Netherlands' award, for their courage and skill in fighting in the Dutch East Indies. The ceremony took place at Pittsfield, Mass.

A previous reference to the Queen's visit to this country appeared in our Aug. 6 issue, page 468.

Farmers' Deposits In Land Banks Increase

Farmers' "rainy day" funds are increasing in the Federal land banks and borrowers have deposited since last September in excess of $10,000,000, the U. S. Department of Agriculture said on Aug. 5. "This shows that farmers generally see the value of putting their financial house in order during a period of good prices for agricultural commodities," said A. G. Black, Governor of the Farm Credit Administration. "Just prior to last year's harvest the FCA suggested that land bank and Commissioner borrowers deposit funds with the land banks to be used in future retirement of their long-term debts. The results have been gratifying, and I anticipate deposits will increase materially following the sale of this year's crops." Mr. Black added:

"Deposits in the future payment fund only partially indicate the extent to which farmers are getting out of debt. Pay-offs on principal of land bank loans last year amounted to about $129,000,000, of which $56,000,000 represented loans paid in full prior to maturity. During the first quarter of this year the tempo of pay-offs has stepped up. Over $43,000,000 in principal payments, a 45% increase over the first quarter of 1941, were made by land bank and Commissioner borrowers. More than $22,000 of this amount represented loans paid in full prior to maturity, or 70% greater than payments made during the same period last year."

As further indication of the improved financial position of farmers, Governor Black pointed to the fact that payments on over 90% of Federal land bank loans are up to date, a substantial improvement over the last few years. Also, the number of foreclosed farms and sheriffs' certificates held by the banks and corporation has been reduced from 31,673 in 1940 to 15,385 in 1942.

Nat'l Feed Wheat Program

In order to make full use of the Nation's tremendous wheat reserves in maintaining current record production of war-needed livestock products, the U. S. Department of Agriculture, announced on Aug. 6 a national feed wheat program. The announcement states that the action follows recent Congressional provision for the sale of 125,000,000 bushels of Government-owned wheat at prices not less than 85% of the parity price for corn. Prices at which farmers and others may purchase the feed wheat for August delivery range from 74 to 99 cents throughout the country.

"Congressional approval of the feed wheat program represents a most important contribution to our Food for Freedom Program and consequently to the war effort," said Secretary of Agriculture Wickard, who added:

"With what, on the one hand, piled on the ground for lack of storage space, and food supplies, on the other hand, being used faster than they are replaced, this feed wheat program is eminently sound and sensible.

"With the passing of each day, the importance of abundant food supplies in the war effort becomes more evident. The demand is increasingly for the concentrated animal protein products. That is why this nation must convert its grain supplies into livestock products as rapidly as possible. We are extremely fortunate in having these ever normal granary supplies to throw into the battle for the United Nations at this time."

The Department's announcement further said:

"Largely because of increased livestock numbers, the corn carry-over on Oct. 1 of this year is expected to be nearly 150,000,000 bushels smaller than the 646,000,000 bushel carry-over a year earlier. On the other hand, it is estimated that today's record supply of wheat is large enough to take care of the nation's normal domestic needs for two years.

"Besides asking farmers to feed more wheat, the Department urges that feed manufacturers try to include more wheat in their feed mixtures. In many cases, it was said, heavier wheat mixtures can result in even better quality commercial feeds at no increase in price.

"It is estimated that the total feed grain supply this year may be smaller than last year's record supply, disregarding wheat stocks available for feeding. At the same time, farmers are increasing their livestock numbers to an all-time high to meet wartime demands. There will be about 20,000,000 more hogs this year than last, an increase of almost 25%. The number of laying hens is up 14% and the number of cattle on farms and ranches is the largest on record.

"Wheat feed prices for September delivery will be ½ cent per bushel more than prices announced today, and the prices will be raised another ½ cent for October delivery. It is estimated that such selling prices in October will closely approximate 85% of corn parity and consequently be very near the corn loan rate for the 1942 crop. Wheat feed will be shipped by the CCC in carload lots, but it is expected in most areas local elevators will be handling the sales in smaller lots.

"Farmers who have resealed 1941 loan wheat stored on their farms may redeem their loans at the wheat feed price for feeding only, except in soft red winter wheat areas. Because of the increasing shortage of soft red winter wheat supplies for milling and seed, there will be no further sales or redemptions of this class of wheat for feed."

Selected Income And Balance Sheet Items Class I Railways For May

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for Class I steam railways in the United States for the month of May and the five months ending with May, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

	All Class I Railways			
	For the Month of May		For the Five Months of	
Income Items—	1942	1941	1942	1941
Net ry. operat. income	$109,672,990	$88,104,434	$432,969,068	$340,505,880
Other income	11,475,239	11,643,920	58,062,624	56,441,751
Total income	121,148,229	99,748,354	491,031,692	396,947,631
Miscellaneous deductions from income	3,211,205	2,283,064	13,332,245	11,801,195
Income available for fixed charges	117,937,024	97,465,290	477,699,447	385,146,436
Fixed charges:				
Rent for leased roads and equipment	14,778,718	13,861,231	69,384,501	64,350,235
*Interest deductions	37,033,310	38,797,143	185,176,605	192,615,517
Other deductions	117,601	119,163	587,528	593,308
Total fixed charges	51,929,629	52,777,537	255,148,634	257,559,060
Inc. after fixed charges	66,007,395	44,687,753	222,550,813	127,587,376
Contingent charges	2,339,112	1,547,276	11,012,285	7,703,065
†Net income	63,668,283	43,140,477	211,538,528	119,884,311
Depreciation (way and structures and equip.)	20,213,607	18,073,533	97,243,260	89,201,002
Amortization of defense projects	6,754,326	--------	26,417,772	--------
Federal income taxes	64,309,800	14,772,502	205,025,169	48,019,626
Dividend appropriations:				
On common stock	17,936,901	19,134,677	41,848,955	45,416,313
On preferred stock	6,674,321	6,022,597	12,607,599	11,231,673
¶Ratio of income to fixed charges	2.27	1.85	1.87	1.50

	All Class I Railways Balance at End of May		Class I Railways Not in Receivership or Trusteeship Balance at End of May	
Selected Asset Items—	1942	1941	1942	1941
Investments in stocks, bonds, etc., other than those of affiliated companies	$474,049,083	$561,099,759	$456,149,397	$510,730,949
Cash	$817,914,286	$712,402,038	$615,014,886	$568,021,498
Temporary cash investments	177,204,507	92,483,683	147,123,555	68,095,980
Special deposits	138,964,351	103,726,215	96,397,508	81,975,754
Loans and bills receivable	1,027,931	1,412,870	914,573	1,151,144
Traffic and car-service balances (Dr.)	39,804,777	29,049,167	33,365,233	26,525,297
Net balance receivable from agents and conductors	109,235,564	67,170,403	91,494,886	54,191,099
Miscellaneous accounts receivable	288,703,325	143,263,989	230,724,648	110,961,892
Materials and supplies	533,690,173	373,492,070	431,382,520	296,655,430
Interest and dividends receivable	23,364,126	20,795,559	21,415,982	18,101,956
Rents receivable	1,400,882	1,330,538	1,061,770	1,044,137
Other current assets	27,838,070	7,284,527	26,237,348	5,942,868
Total current assets	2,159,147,992	1,552,411,059	1,695,132,909	1,232,667,055
Selected Liability Items—				
‡Funded debt maturing within six months	$75,503,920	$72,029,386	$59,957,692	$52,668,712
§Loans and bills payable	$32,077,555	$77,199,336	$2,490,686	$21,247,784
Traffic and car-service balances (Cr.)	81,098,266	48,964,299	58,518,479	35,275,011
Audited accounts and wages payable	349,141,098	265,325,216	285,338,016	214,280,541
Miscellaneous accounts payable	63,133,000	49,815,449	44,977,328	37,882,606
Interest matured unpaid	46,640,249	31,418,318	37,687,643	27,956,416
Dividends matured unpaid	4,907,214	1,632,991	4,554,952	1,280,682
Unmatured interest accrued	87,471,324	87,829,199	72,264,777	71,301,492
Unmatured dividends declared	38,191,385	36,226,925	38,191,385	36,226,925
Unmatured rents accrued	29,862,973	30,582,708	27,719,304	28,532,931
Accrued tax liability	502,553,540	242,014,382	459,866,856	208,346,001
Other current liabilities	61,418,667	36,770,574	46,682,377	25,862,953
Total current liabilities	1,296,495,271	907,779,397	1,078,291,803	708,193,342
Analysis of accrued tax liability:				
U. S. Government taxes	384,138,352	126,635,028	367,962,698	119,963,281
Other than U. S. Government taxes	118,415,188	115,379,354	91,904,158	88,382,720

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: May, 1942, $52,694,795; May, 1941, $43,523,033; for the five months ended May, 1942, $178,141,876; five months ended May, 1941, $128,298,049. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: May, 1942, 1.92; May, 1941, 1.03; five months, 1942, 1.59; five months, 1941, 0.93.

Gross And Net Earnings Of United States Railroads For The Month Of June

The earnings of the United States railroads for the month of June continue to show the part the railroads have been taking in the all-out war efforts. This condition has been in evidence now for some time and even though the gross and net earnings for the month of June are larger than those for May, the statement that we made last month still holds true, that is that the earnings figures we now present are the largest in the history of the railroads for any month in any year with the single exception of the gross earnings in the month of October, 1920, when the huge total of $633,852,568 was recorded.

While the railroads have had the advantages of tremendous increases in their freight and passenger traffic they also have been subject to great additions to their expenses. So far the managers of the roads have been able to hold these expenses relaitvely low; there is no doubt, however, that at some future date these expenses will have to rise in order to maintain and keep the railroads' equipment in satisfactory operating condition. The roads also have been at a disadvantage for a great many years and the present increases in revenues have not been sufficient to make up for the losses the roads have sustained in prior years.

Gross earnings of the railroads in June, were $623,695,610 against $454,548,079 in June, 1941, an increase of 37.21%. Net earnings for June amounted to $245,225,980 against $155,907,835 in the same month a year ago, an increase of $89,268,145 or 57.24%. Below we give the results for the month of June, 1941 and 1942 in tabular form:

			Incr. (+) or Decr. (—)			
Month of June—	1942	1941		Amount		%
Mileage of 132 roads	231,341	232,137	—	796	—	0.34
Gross earnings	$623,695,610	$454,548,079	+	$169,147,531	+	37.21
Operating expenses	378,469,630	298,590,244	+	79,879,386	+	26.75
Ratio of expenses to earnings	(60.68%)	(65.69%)				
Net earnings	$245,225,980	$155,957,835	+	89,268,145	+	57.24

Let us now focus our attention on the trade activities in the various industries, which have a direct bearing on the operations of the railroads. In order to present a clear picture of the relation between the general business trends and railroad operations, we now present in the subjoined table the figures representative of activity in the more important industries, together with those relating to flour, grain, livestock receipts and revenue freight car loadings for the month of June of the current year in comparison with the figures of the corresponding period for the years 1941, 1940, 1932 and 1929:

June	1942	1941	1940	1932	1929
Building ($000):					
†Constr. contracts awarded	1,190,264	539,106	324,726	113,075	529,891
Coal (net tons):					
‡Bituminous	48,100,000	43,319,000	32,400,000	17,749,000	38,580,000
§Pennsylvania anthracite	5,122,000	5,072,000	4,492,000	2,550,000	5,069,000
Freight Traffic:					
¶Carloadings, all (cars)	x3,385,769	x3,510,057	x2,896,953	z2,454,769	z5,260,571
††Livestock receipts:					
Chicago (cars)	6,633	5,596	5,974	10,050	15,085
Kansas City (cars)	3,065	2,064	1,763	4,192	6,100
Omaha (cars)	1,850	1,315	1,169	3,130	6,021
‡‡Western flour and grain receipts:					
Flour (000 barrels)	x1,598	x1,630	x1,582	x1,315	x1,841
Wheat (000 bushels)	x18,746	x43,767	x14,997	x19,844	x24,803
Corn (000 bushels)	x21,025	x17,687	x22,834	x5,429	x20,145
Oats (000 bushels)	x3,466	x3,396	x1,752	x3,409	z8,181
Barley (000) bushels)	x6,942	x7,944	x4,115	x1,298	x3,233
Rye (000 bushels)	x1,020	x2,458	x769	x322	x657
Iron and Steel (net tons):					
§§Steel ingot production	7,022,155	6,792,751	5,657,443	1,036,102	5,573,076
Lumber (000 feet):					
¶¶Production	x1,082,556	x1,078,242	x930,522	x427,733	x1,527,032
¶¶Shipments	x1,174,036	x1,132,529	x905,245	x487,286	x1,495,521
¶¶Orders received	x1,221,813	x1,267,305	x875,718	x466,175	x1,447,009

Note—Figures in above table issued by:

†F. W. Dodge Corp. (figures for 37 States east of Rocky Mountains). ‡National Bituminous Coal Commission. §United States Bureau of Mines. ¶Association of American Railroads. ††Reported by major stock yard companies in each city. ‡‡New York Produce Exchange. §§American Iron and Steel Institute. ¶¶National Lumber Manufacturers' Association (number of reporting mills varies in different years). x Four weeks. z Five weeks.

A glance at the figures in the above tabulation reveals that practically all items showed considerable improvements over the previous corresponding periods. Construction contracts awarded more than doubled in volume. Marked gains were shown in livestock receipts, and corn and oats receipts. Steel ingot production showed an increase of 229,404 net tons over June of 1941. Bituminous coal production increased 4,781,000 tons, and anthracite showed a lesser, though substantial, gain of 50,000 tons. Several of the grains, namely wheat, barley, and rye fell off quite heavily from last year's receipts. Carloadings also dropped.

In the preceding paragraphs we have dealt with the railroads collectively. Turning our attention now to the showings of the separate roads and systems, we find that 79 roads were able to better their June, 1941, gross earnings with increases of $100,000 or more. Of these, 65 were able to convert their gross gains into net increases of $100,000 or more. A total of 4 roads in gross and 7 in the net listing recorded major decreases. The Pennsylvania and Southern Pacific were first and second respectively in both gross and net classifications—the Pennsylvania with respective increases in gross and net of $17,841,106 and $9,632,564 and the Southern Pacific with increases of $14,019,166 and $7,945,968. The New York Central was third in gross increases with a gain of $12,271,113, while the Atchison Topeka & Santa Fe nailed down third place in the net category with a gain of $7,440,431. The increases and decreases of all roads and systems in excess of $100,000 are indicated in the subjoined tabulation and are listed for both gross and net net:

PRINCIPAL CHANGES IN GROSS EARNINGS FOR THE MONTH OF JUNE

	Increase
Pennsylvania	$17,841,106
Southern Pacific (2 roads)	14,019,166
New York Central	*12,271,113
Atchison Topeka & Santa Fe	11,135,535
Union Pacific	10,313,167
Baltimore & Ohio	6,611,129
Southern	6,012,806
Missouri Pacific	5,859,998
Illinois Central	4,832,375
Louisville & Nashville	4,265,232
Atlantic Coast Line	4,176,132
Seaboard Air Line	4,015,098
New York New Hav. & Hart.	3,877,865
Chicago Burlington & Quincy	3,392,952
Great Northern	2,961,835
Chic. Milw. St. Paul & Pac.	2,737,997
Northern Pacific	2,559,423
New York Chicago & St. Lou.	2,348,132
Erie	2,242,194
Chicago & North Western	2,236,075
Chicago Rock Island & Pac.	2,183,777
Chesapeake & Ohio	2,172,506
St. Louis-San Fran. (2 rds.)	1,953,341
Denver & Rio Grande West.	1,846,443
Boston & Maine	1,844,583
Reading	1,816,152
St. Louis Southwestern	1,776,560
Wabash	1,666,492
Lehigh Valley	1,615,207
Kansas City Southern	1,578,870
Missouri-Kansas-Texas	1,544,110
Texas & Pacific	1,513,326
Yazoo & Mississippi Valley	1,328,793
Richmond Fred. & Potomac	1,225,255
Delaware & Hudson	1,119,492
Duluth Missabe & Iron Range	1,043,226
Western Pacific	948,129
Nashville Chat. & St. Louis	931,509
Delaware Lack. & Western	833,252
Alton	853,016
Alabama Great Southern	842,448
New Orl. Tex. & Mex (3 rds.)	819,465
Western Maryland	763,562
Gulf Mobile & Ohio	$760,493
Central of Georgia	644,372
Florida East Coast	635,035
Norfolk & Western	613,834
Long Island	581,637
New Orleans Northeastern	577,678
Cincin. New Orl. & Tex. Pac.	570,146
International Great Northern	558,943
Louisiana & Arkansas	539,641
Colorado & Southern (2 rds.)	520,919
Spokane Portland & Seattle	411,712
Chicago & East Illinois	392,697
Norfolk & Southern	391,790
Pittsburgh & Lake Erie	374,473
Georgia	366,801
Minneap. St. Paul S. S. Marie	323,089
Elgin Joliet & Eastern	267,392
Chicago Great Western	257,649
Wheeling & Lake Erie	242,819
Pere Marquette	235,579
Maine Central	196,732
Western Ry. of Alabama	175,627
Bessemer & Lake Erie	172,135
Northwestern Pacific	153,620
Illinois Terminal	147,299
Atlanta & West Point	143,031
Pittsburgh & West Virginia	134,904
Maine	120,753
Georgia Southern & Florida	112,658
Minneapolis St. Louis	112,388
Lehigh & Hudson River	106,561
Gulf & Ship Island	106,029
Total (79 roads)	$166,937,280

	Decrease
Virginian	$252,524
New York Connecting	219,022
Detroit Toledo & Ironton	139,886
Grand Trunk Western	119,570
Total (4 roads)	$731,002

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $12,645,586.

PRINCIPAL CHANGES IN NET EARNINGS FOR THE MONTH OF JUNE

	Increase		Increase
Pennsylvania	$9,632,564	Alton	$439,234
Southern Pacific (2 roads)	7,945,968	Nashville Chat. & St. Louis	433,627
Atchison Topeka & Santa Fe	7,440,431	Gulf Mobile & Ohio	432,882
Union Pacific	6,178,319	Missouri-Kansas-Texas	421,584
New York Central	*6,151,028	Colorado & Southern (2 rds.)	416,682
Missouri Pacific	3,895,786	Florida East Coast	411,400
Southern	3,735,847	Delaware & Hudson	408,164
Seaboard Air Line	2,721,924	Central of Georgia	387,310
Baltimore & Ohio	2,640,136	New Orleans & Northeastern	365,791
Atlantic Coast Line	2,605,502	International Great Northern	313,559
Illinois Central	2,417,552	Spokane Portland & Seattle	304,594
Louisville & Nashville	2,436,296	Western Maryland	284,932
New York New Haven & Hart.	2,370,896	Louisiana & Arkansas	275,887
Chicago Burlington & Quincy	1,742,599	Norfolk & Southern	249,423
Great Northern	1,452,214	Georgia	239,996
Chicago & North Western	1,297,337	Cincin. New Orl. & Tex. Pac.	234,395
Chicago Rock Island & Pac.	1,293,549	Central of New Jersey	215,083
Denver & Rio Grande West.	1,279,231	Chicago & Eastern Illinois	207,025
St. Louis Southwestern	1,275,428	Delaware Lack. & Western	194,210
New York Chicago & St. Lou.	1,233,591	Chicago Great Western	124,099
Chic. Milw. St. Paul & Pac.	1,220,678	Western Ry. of Alabama	120,527
St. Louis San Fran. (2 rds.)	1,049,983	Wheeling & Lake Erie	115,499
Kansas City Southern	963,171	Atlanta & West Point	107,149
Richmond Fred. & Potomac	914,034		
Northern Pacific	913,304	Total (65 roads)	$90,673,024
Wabash	910,837		
Boston & Maine	910,715		
Yazoo & Mississippi Valley	881,469		Decrease
Texas & Pacific	875,321	Norfolk & Western	$771,264
Erie	841,788	Virginian	335,949
New Orl. Tex. & Mex. (3 rds.)	761,636	New York Connecting	241,937
Duluth Missabe & Iron Range	734,813	Grand Trunk Western	207,190
Reading	721,878	Elgin Joliet & Eastern	174,269
Chesapeake & Ohio	702,960	Detroit Toledo & Ironton	161,916
Western Pacific	632,512	Minn. St. Paul & S. S. Marie	108,936
Lehigh Valley	619,226		
Alabama Great Southern	569,449	Total (7 roads)	$2,001,461

*These figures cover the operations of the New York Central and the leased lines—Cleveland Cincinnati Chicago & St. Louis, Michigan Central, Cincinnati Northern, and Evansville Indianapolis & Terre Haute. Including Pittsburgh & Lake Erie, the result is an increase of $6,208,930.

Let us now take the gross and net earnings figures for the country as a whole and break them down into the different districts and regions in order to find out which sections of the country contributed most heavily to the final totals. In so doing, we find the Western District recorded the greatest percentage increase in both gross and net listings with gains of 44.73% and 80.60% respectively, while the Southwestern region (of the Western District) led the regions in percentage gains with increases of 61.40% and 119.03% in gross and net respectively. Another interesting note is that all districts and regions with the exception of the Pocahontas region, which consists of only 4 roads, recorded higher percentage increases in net than in gross. For a detailed picture of the earnings of the districts and regions, we now make reference to our "Summary by Groups" which follows. As previously explained, we classify the roads in conformity with the grouping of the Interstate Commerce Commission. The boundaries of the various geographical subdivisions are shown in the footnote which is attached to the table:

SUMMARY BY GROUPS—MONTH OF MAY

District and Region	Gross Earnings 1942	1941	Inc. (+) or Dec. (—)	
	$	$	$	%
Eastern District—				
New England region (10 roads)	23,769,667	17,822,222	+ 5,947,445	+33.37
Great Lakes region (23 roads)	106,526,990	83,501,488	+ 23,025,502	+27.57
Central Eastern region (18 roads)	130,093,291	100,035,829	+ 29,997,462	+29.97
Total (51 roads)	260,389,948	201,419,539	+ 58,970,409	+29.28
Southern District—				
Southern region (26 roads)	87,452,861	56,291,565	+ 31,161,296	+55.36
Pocahontas region (4 roads)	32,366,694	28,607,623	+ 3,759,071	+13.14
Total (30 roads)	119,819,555	84,899,188	+ 34,920,367	+41.13
Western District—				
Northwestern region (15 roads)	66,557,448	53,425,666	+ 13,131,782	+24.58
Central Western region (16 roads)	125,028,183	82,648,507	+ 42,379,676	+51.28
Southwestern region (20 roads)	51,900,476	32,155,179	+ 19,745,297	+61.40
Total (51 roads)	243,486,107	168,229,352	+ 75,256,755	+44.73
Total all districts (132 roads)	623,695,610	454,548,079	+169,147,531	+37.21

District and Region	Mileage 1942	Mileage 1941	Net Earnings 1942	1941	Incr. (+) or Dec. (—)	
Eastern District—			$	$	$	%
New England region	6,649	6,699	9,312,810	6,220,141	+ 3,092,669	+49.72
Great Lakes region	26,024	26,063	38,814,729	28,762,481	+10,052,248	+34.95
Central East. region	24,218	24,468	46,840,416	33,246,832	+13,593,584	+40.89
Total	56,891	57,230	94,967,955	68,229,454	+26,738,501	+39.19
Southern District—						
Southern region	37,761	38,040	37,112,931	18,586,732	+18,526,199	+99.67
Pocahontas region	6,060	6,086	15,691,388	15,181,607	+ 509,781	+ 3.36
Total	43,821	44,126	52,804,319	33,768,339	+19,035,980	+56.37
Western District—						
Northwestern region	45,610	45,524	25,297,371	19,234,372	+ 6,062,999	+31.52
Central West. region	56,028	56,203	49,896,090	24,562,660	+25,333,430	+103.14
Southwestern region	28,991	29,054	22,260,245	10,163,010	+12,097,235	+119.03
Total	130,629	130,781	97,453,706	53,960,042	+43,493,664	+80.60
Total all districts	231,341	232,137	245,225,980	155,957,835	+89,268,145	+57.24

Note—Our grouping of the roads conforms to the classification of the Interstate Commerce Commission, and the following indicates the confines of the different groups and regions:

EASTERN DISTRICT

New England Region—Comprises the New England States.

Great Lakes Region—Comprises the section on the Canadian boundary between New England and the westerly shore of Lake Michigan to Chicago, and north of a line from Chicago via Pittsburgh to New York.

Central Eastern Region—Comprises the section south of the Great Lakes Region east of a line from Chicago through Peoria to St. Louis and the Mississippi River to the mouth of the Ohio River, and north of the Ohio River to Parkersburg, W. Va., and a line thence to the southwestern corner of Maryland and by the Potomac River to its mouth.

SOUTHERN DISTRICT

Southern Region—Comprises the section east of the Mississippi River and south of the Ohio River to a point near Kenova, W. Va., and a line thence following the eastern boundary of Kentucky and the southern boundary of Virginia to the Atlantic.

Pocahontas Region—Comprises the section north of the southern boundary of Virginia, east of Kentucky and the Ohio River north to Parkersburg, W. Va., and south of a line from Parkersburg to the southwestern corner of Maryland and thence by the Potomac River to its mouth.

WESTERN DISTRICT

Northwestern Region—Comprises the section adjoining Canada lying west of the Great Lakes Region, north of a line from Chicago to Omaha and thence to Portland, and by the Columbia River to the Pacific.

Central Western Region—Comprises the section south of the Northwestern Region west of a line from Chicago to Peoria and thence to St. Louis, and north of a line from St. Louis to Kansas City and thence to El Paso and by the Mexican boundary to the Pacific.

Southwestern Region—Comprises the section lying between the Mississippi River south of St. Louis and a line from St. Louis to Kansas City and thence to El Paso, and by the Rio Grande to the Gulf of Mexico.

The Western grain movement of 51,199,000 bushels fell far below the June, 1941 total of 75,252,000 bushels, the chief contributing grain to this decrease being wheat which dropped off 25,021,000 bushels. Rye's total dropped 1,438,000 bushels and barley dropped 1,002,000 bushels, while the combined increases in corn and oats aggregated 3,408,000 bushels. The fluctuation in flour receipts showed a slight downward trend of 32,000 barrels. In the following table, we give in our usual form the details of the Western grain movement for the four weeks ended June 27, 1942 as compared with the corresponding four-week period ended June 28, 1941:

WESTERN FLOUR AND GRAIN RECEIPTS

Four Weeks Ended June 27

(000) Omitted	Year	Flour (bbls.)	Wheat (bush.)	Corn (bush.)	Oats (bush.)	Rye (bush.)	Barley (bush.)
Chicago	1942	867	483	7,266	872	122	951
	1941	783	932	6,058	1,116	790	726
Minneapolis	1942	---	7,310	1,293	1,068	450	3,014
	1941	4	11,222	1,166	967	1,324	3,569
Duluth	1942	---	2,758	1,642	---	37	100
	1941	---	5,282	3,564	258	183	616
Milwaukee	1942	54	11	540	49	215	2,183
	1941	80	2,490	343	10	32	2,551
Toledo	1942	---	429	167	156	85	7
	1941	---	816	91	257	3	5
Indianapolis & Omaha	1942	---	1,169	2,868	632	36	---
	1941	---	2,497	2,630	430	5	8
St. Louis	1942	463	572	1,131	214	48	224
	1941	500	2,575	551	62	16	112
Peoria	1942	151	181	3,048	82	19	296
	1941	160	110	2,697	124	82	251
Kansas City	1942	63	3,747	2,288	300	---	---
	1941	103	14,339	393	80	---	---
St. Joseph	1942	---	348	283	84	---	---
	1941	---	503	93	78	---	---
Wichita	1942	---	1,366	2	---	---	---
	1941	---	2,894	---	---	---	---
Sioux City	1942	---	372	497	9	8	167
	1941	---	107	101	14	23	106
Detroit	1942	---	---	---	---	---	---
	1941	---	---	---	---	---	---
Total all	1942	1,598	18,746	21,025	3,466	1,020	6,942
	1941	1,630	43,767	17,687	3,396	2,458	7,944

Finally we present our tabulation of the gross and net earnings of the railroads of the country taken collectively for the June period of the current year in comparison with the June periods for each year back to and including 1909:

Month of June	Gross Earnings Year Given	Year Preceding	Inc. (+) or Dec. (—)	%	Mileage Year Given	Year Preced'g
1909	$210,356,964	$184,047,216	+$26,309,748	+14.29	197,648	194,689
1910	237,988,124	210,182,484	+ 27,805,640	+13.23	204,596	200,901
1911	231,980,259	238,499,885	— 6,519,626	— 2.73	222,825	218,379
1912	243,226,498	228,647,383	+ 14,579,115	+ 6.38	193,886	189,863
1913	259,703,994	242,830,546	+ 16,873,448	+ 6.95	212,989	210,288
1914	230,751,850	241,107,727	— 10,355,877	— 4.30	209,764	207,414
1915	248,849,716	247,535,879	+ 1,313,837	+ 0.53	240,219	235,828
1916	285,149,746	237,612,967	+ 47,536,779	+20.01	226,752	225,803
1917	351,001,045	301,304,803	+ 49,696,242	+16.49	242,111	241,550
1918	363,165,528	323,163,116	+ 40,002,412	+12.38	220,303	219,294
1919	424,035,872	393,265,898	+ 30,769,974	+ 7.82	232,169	232,682
1920	486,209,842	420,586,968	+ 65,622,874	+15.60	213,525	208,598
1921	460,582,512	494,164,607	— 33,582,095	— 6.80	235,208	235,059
1922	472,383,903	460,007,081	+ 12,376,822	+ 2.69	235,310	234,568
1923	540,054,165	473,150,664	+ 66,903,501	+14.14	236,739	236,683
1924	464,759,956	540,202,295	— 75,442,339	—13.97	236,001	235,691
1925	506,002,036	464,774,329	+ 41,227,707	+ 8.87	236,779	236,357
1926	538,758,797	506,124,762	+ 32,634,035	+ 6.45	236,510	236,243
1927	516,023,039	539,797,813	— 23,774,774	— 4.40	238,405	237,243
1928	501,576,771	516,448,211	— 14,871,440	— 2.88	240,302	239,066
1929	531,033,198	502,455,883	+ 28,577,315	+ 5.69	241,608	241,243
1930	444,171,625	531,690,472	— 87,518,847	—16.46	242,320	241,349
1931	369,212,042	444,274,591	— 75,062,549	—16.90	242,968	242,494
1932	245,860,615	369,133,884	—123,273,269	—33.40	242,179	242,527
1933	281,353,909	245,869,626	+ 35,484,283	+14.43	241,455	242,333
1934	282,406,507	277,923,922	+ 4,482,585	+ 1.61	239,107	240,932
1935	280,975,503	282,406,506	— 1,431,003	— 0.51	237,800	239,020
1936	330,212,333	280,967,649	+ 49,244,684	+17.53	236,814	238,019
1937	351,047,025	330,095,850	+ 20,951,175	+ 6.35	235,744	236,281
1938	281,607,108	350,994,558	— 69,387,450	—19.77	234,626	235,501
1939	320,991,913	281,547,886	+ 39,444,027	+14.01	233,404	234,527
1940	344,055,653	320,991,928	+ 23,063,725	+ 7.19	232,786	233,399
1941	454,532,076	344,195,836	+110,336,240	+32,06	232,136	232,830
1942	623,695,610	454,548,079	+169,147,531	+37.21	231,341	232,137

Month of June	Net Earnings Year Given	Year Preceding	Increase (+) or Decrease (—)	%
1909	$74,196,190	$59,838,655	+$14,357,535	+23.99
1910	77,173,345	74,043,999	+ 3,129,346	+ 4.23
1911	72,794,069	77,237,252	— 4,443,183	— 5.75
1912	76,223,732	71,689,581	+ 4,534,151	+ 6.32
1913	76,093,045	76,232,017	— 138,972	— 0.18
1914	66,202,410	70,880,934	— 4,678,524	— 6.60
1915	81,649,636	69,481,653	+ 12,167,983	+17.51
1916	97,636,815	76,693,703	+ 20,943,112	+27.31
1917	113,816,026	103,341,815	+ 10,474,211	+10.14
1918	*36,156,952	106,181,619	—142,338,571	—134.05
1919	69,396,741	*40,136,575	+109,533,316	+272.90
1920	21,410,927	68,876,652	— 47,465,725	—68.91
1921	80,521,999	15,131,337	+ 65,390,662	+432.15
1922	109,445,113	80,455,435	+ 28,989,678	+36.03
1923	124,046,578	109,618,682	+ 14,427,896	+13.16
1924	101,527,990	124,374,592	— 22,846,602	—18.37
1925	130,837,324	101,487,318	+ 29,350,006	+28.92
1926	149,492,478	130,920,896	+ 18,571,582	+14.19
1927	127,749,692	148,646,848	— 20,897,156	—14.06
1928	127,284,367	129,111,754	— 1,827,387	— 1.42
1929	150,174,332	127,514,775	+ 22,659,557	+17.77
1930	110,244,607	150,199,509	— 39,954,902	—26.60
1931	89,676,807	110,264,027	— 20,587,220	—18.67
1932	47,008,035	89,688,856	— 42,680,821	—47.59
1933	94,448,669	47,018,729	+ 47,429,940	+100.87
1934	74,529,256	92,967,854	— 18,438,598	—19.83
1935	64,920,431	74,529,254	— 9,608,823	—12.89
1936	88,872,678	64,826,419	+ 24,046,259	+37.09
1937	86,067,895	88,850,296	— 2,782,401	— 3.13
1938	63,936,587	86,072,702	— 22,136,115	—25.72
1939	79,770,820	63,937,412	+ 15,833,408	+24.76
1940	92,310,358	79,770,812	+ 12,539,546	+15.72
1941	155,957,655	92,404,546	+ 63,553,109	+68.79
1942	245,225,980	155,957,835	+ 89,268,145	+57.24

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*Deficit.

Demand Drops For Paper & Paperboard

Current conditions in the paper and paperboard industry are in marked contrast with those of last year, according to the Conference Board of New York. Instead of being hard-presssed to keep up with new orders, mills have been forced to curtail activity substantially as new and unfilled demand has dropped. the Board says. Mill stocks. on the other hand, have turned upward as shipments have declined faster than production.

The Board also states:

"Production costs during the two months since the General Maximum Price Regulation became effective are found to have been upward, although the extent of the increases has varied considerably. Sales of paper below ceiling prices are said to have resulted from the very competitive condition in the market. That situation, plus rising production costs and declining production, constitutes a threat to profit margins and profits.

Overbuying in 1941 is partly responsible for this recession. Fears of shortages caused buyers to build up inventories last year whereas now it is clear that such fears were unfounded. In addition, the declines in output of consumers' durable goods and in retail trade have adversely affected demand. These losses have not been offset by war requirements."

Continuing, the Board finds that:

"Part of last year's heavy forward buying was attributable to a widely publicized forecast that 26,000,000 tons of paper would be required this year. If demand were nearing this amount, the industry would, of course, be in a very tight position as it was fairly hard-pressed to produce 17,300,000 tons in 1941. It seems that the forecast, however, did not allow for the adverse effect of conversion programs on paper consumption. In the production and distribution of consumers' durable goods, such as automobiles, radios, refrigerators, vacuum cleaners, etc., large quantities of paper are normally used. As civilian production came to an end, new war uses could not immediately attain peak levels. It has been estimated, moreover, that even when peak war levels are reached, the needs of these converted industries will fall short of peacetime requirements. In addition, retailers and the public in general undertook to save paper. Shoppers accepted many inconveniences because they believed that the country was confronted with a serious paper shortage. Some of the savings continue, although retailers, distributors and others would encounter no difficulty in covering all their needs. On the plus side of this accounting must be placed the new and expanded uses of paper resulting from the war and from the paper industry's research program. Paper is an excellent substitute for many critical materials normally used in packaging. New containers and new bags have been developed and further progress along these lines may be expected. Certain permanent gains will result from these activities."

The Board points out that for the week ended July 11, paper mill activity (excluding mills producing only newsprint and paperboard) stood at 67.2% of six-day capacity, the lowest since Sept. 10, 1938,, and caused partly by vacations. It compared with the year's high of 104.7% for the week ended January 22 and with the peak of 108.6% for the week ending Nov. 1, 1941. Part of this loss has since been recovered. The Board adds:

"Printing papers and paperboard have shown the greatest production declines among the main divisions of the industry. Demand for printing papers has been reduced as a result of a decline in advertising. which has also had an unfavorable effect on newsprint. Fine paper production has been relatively well maintained. Production of wrapping paper has moved contrary to the general trend this year and established a new peak in May. Tissue and absorbent paper also have a better-than-average record this year. with output at a new high in April."

M. W. Potter Dies

Mark Winslow Potter, former member of the Interstate Commerce Commission and noted corporation lawyer. died on Aug. 12 at his office in New York City. He was 76 years old. Mr. Potter had been President of the Pennsylvania Coal ond Coke Corporation for the last six years. He had previously headed the Carolina, Clinchfield & Ohio Railway; the Clinchfield Coal Corp. and the Cumberland Corp. Mr. Potter had been a member of the ICC from 1920 to 1925, declining reappointment in the latter year in order to return to private business.

Wholesalers' Sales, Inventories And Credits In June

June sales of wholesalers totaling $296,699,000, represented an 11% advance, compared with the same month a year ago, according to an announcement released by J. C. Capt, Director of the Census. With the exception of the 7% July 31 increase shown in May, the gain for June was the smallest recorded by this series in 19 months. A gain of 2% in sales occurred between May and June of this year, in contrast to the slight decreases shown between these months in the past three years. Sales for the first half of 1942 were 23% above the corresponding period of 1941. The Bureau's announcement said, further explaining:

"Twenty-eight of the 35 trades for which separate data are presented in this report showed increases in sales for June of this year compared with June, 1941, ranging from 1% for paper and its products to 60% for meat and meat products. For the past seven months wholesalers of meat and meat products have reported sales ranging from 54 to 68% higher than the sales recorded for the same month a year ago. Most nondurable lines showed moderate to substantial increases in dollar volume for June of this year compared with the same month of last year. Sales of shoe and other footwear wholesalers advanced 28%; confectionery, 23%; dry goods, 19%; drugs and sundries (liquor excluded), 16%, and tobacco and its products, 15%. Dollar volume for wholesalers of petroleum and its products dropped 15%, and paints and varnishes, 8%. All but four of the durable goods trades for which separate statistics are presented in this report registered increases which ranged from 27% to 37% for June, 1942, over June, *1941. Sales of industrial supplies* wholesalers gained 18%; lumber and building materials, 20%; furniture and house furnishings, 5%, and jewelry, 7%; while dollar sales of metals wholesalers declined 15%, and electrical goods and automotive supplies, each 12%.

"Inventories, in terms of dollars based on cost values, at the close of June were down 3% compared with May, the third consecutive month since December, 1940, when inventories at the end of the month were lower than those at the beginning. Compared with the same month a year ago, inventories at the close of June, 1942, were up 6%, the smallest increase registered for any month, compared with the same month a year ago since March of last year. The percent of increase of inventories on the basis of a year ago comparison has fallen off steadily since December of 1941, when a gain of 29% over December, 1940, occurred, the largest increase in the history of this survey.

"The stock-sales ratio for wholesalers at the close of June, 1942, was 141, as against 142 for June, 1941, and 148 for May, 1942. Of the 31 trades for which stock-sales ratios are shown, 16 registered a decrease in their ratios for June, 1942, compared with those for June of last year. Substantial increases in stock-sales ratios were recorded for wholesalers of automotive supplies, petroleum, dry goods, wines and liquors, and paper and its products, while marked decreases were shown for wholesalers of industrial supplies, lumber and building materials, furniture and house furnishings, plumbing and heating supplies, and jewelry.

"Collections on accounts receivable were up more than 10% for June, 1942, compared with June, 1941, and 5% above May, 1942. The collection ratio for June of this year was 88; for June of last year, 79, and for May, 1942, 84. Accounts receivable were only 5% greater on June 1, 1942, than on June 1, 1941. This increase is the smallest shown for any month compared with the same month of the previous year since October, 1940. Accounts receivable were 5% less on June 1, 1942, than at the beginning of May, 1942."

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on Aug. 17. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allied Mills, Inc., common	304,382	304,418	
Allied Stores Corp., 5% preferred	517	917	
American Hide & Leather Co., common	40,250	41,250	(1)
6% preferred	200	100	(1)
American Viscose Corp., 5% cumulative preferred	946	1,746	(8)
Armour & Co., 7% preferred	3,776	4,680	
Associates Investment Co., common	22,686	23,520	
5% cumulative preferred	895	1,790	
Atlantic Gulf & West Indies Steamship Lines, 5% preferred	2,400	2,900	
Atlas Corp., common	49,244	54,881	
6% preferred	----	250	
Belding Heminway Co., common	56,232	56,532	
Barker Bros. Corp., 5½% cumulative preferred	1,953	552	(2)
Borden Co. (The), capital	40,654	41,305	
Bucyrus-Erie Co., 7% preferred	11,179	11,199	
Carriers & General Corp., common	----	500	
Case (J. I.) Co., common	1,725	1,715	
Century Ribbon Mills, Inc., 7% preferred	200	205	
Chicago Yellow Cab Co., Inc., capital	29,464	30,665	
Consolidated Laundries Corp., common	25,000	28,000	
Continental Baking Co., 8% cumulative preferred	277	577	
Copperweld Steel Co., cumulative conv. pref., 5% series	3,735	4,499	
Corn Products Refining Co., preferred	4,262	4,268	
Cuban-American Sugar Co. (The), 5½% conv. preferred	16,888	18,188	
7% cumulative preferred	10,213	10,413	
Detroit Edison Co. (The), common	6,858	6,055	
Distillers Corp.-Seagrams, Ltd., cumul. pref., 5% series	----	----	(9)
Federated Department Stores, Inc., 4¼% conv. preferred	11,300	11,700	
Firestone Tire & Rubber Co. (The), common	319,109	319,144	
6% cumulative series A preferred	25,166	25,871	
Gaylord Container Corp., 5½% cumul. conv. preferred	----	----	(3)
General Shoe Corp., common	2,961	2,896	
Gillette Safety Razor Co., $5 convertible preferred	7,249	8,249	
Goodyear Tire & Rubber Co. (The), $5 cumul. conv. pref.	16,165	16,665	
Hanna (M. A.) Co. (The), $5 cumulative preferred	140	650	
Household Finance Corp., common	12,683	12,883	
Howe Sound Co., common	29,191	29,391	
Interlake Iron Corp., common	25,151	47,992	
Interstate Department Stores, Inc., 7% preferred	5,016	5,316	
Jones & Laughlin Steel Corp., 5% cumul. preferred A	70	1,200	
5% cumulative preferred B	270	1,400	
Keith-Albee-Orpheum Corp., 7% cumulative conv. pref.	----	700	
Lehman Corp. (The), common	102,907	103,907	
Mead Corp (The), $6 series A preferred	515	681	
National Department Stores Corp., 6% preferred	79,883	85,879	
Natomas Co., common	----	----	(4)
Newport News Shipbuild'g & Dry Dock Co., $5 cum. cv. pfd.	700	3,900	(5)
Norfolk & Western Railway Co., adj. 4% non-cumul. pref.	4,566	4,576	
Plymouth Oil Co., common	12,900	13,600	
Real Silk Hosiery Mills, Inc., 7% cumulative preferred	5,601	5,731	
Reliable Stores Corp., common	45,259	45,459	
Safeway Stores, Inc., 5% cumulative preferred	1,115	1,736	
Schenley Distillers Corp., 5½% cumulative preferred	5,801	300	(6)
Smith (A. C.) Corp., common	2,400	1,200	
Squibb (E. R.) & Sons, common	45,504	45,509	
Superheater Co. (The), common	97,850	98,050	
Swift & Co., capital	77,953	77,895	
Transamerica Corp., capital	1,095,700	1,095,500	
Twentieth Century-Fox Film Corp., $1.50 preferred	30,680	33,480	
Union Bag & Paper Corp., common	2,000	4,200	
United Merchants & Manufacturers, Inc., v. t. c. for com.	9,424	9,404	
United States Hoffman Machin'ry Corp., 5½% cum. cv. pfd.	----	----	(7)
United States Leather Co. (The), 7% prior preferred	2,515	2,745	
United States Rubber Co., common	233	239	
White (S. S.) Dental Mfg. Co. (The), capital	1,393	1,463	
Willys-Overland Motors, Inc., 6% cumulative conv. pref.	13,200	23,500	

NOTES

(1) 100 shares of preferred stock acquired and 200 shares converted into common stock.
(2) 1,401 shares retired.
(3) 50 shares acquired and retired.
(4) 300 shares acquired and retired.
(5) 2,500 shares acquired from February through June. Balance acquired in July.
(6) 5,801 shares retired; 300 shares acquired.
(7) 500 shares acquired and retired.
(8) 1,000 shares acquired; 200 shares retired.
(9) 100 shares acquired and retired.

The New York Curb Exchange issued on Aug. 14 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
Air Investors, Inc., convertible preferred	600	700
Air-Way Electric Appliance Corp., common	----	*1,000
American General Corp., common	356,966	357,469
American Writing Paper Corp., common	13,900	16,062
Carman & Co., Inc., class A	1,929	1,949
Cooper-Bessemer Corp., $3 prior preferred	1,313	1,743
Dennison Manufacturing Co., debenture stock	6,349	8,449
Prior preferred	5,326	6,623
A common	7,298	7,152
Detroit Gasket & Mfg Co., 6% preferred	11,966	12,166
General Alloys Co., common	----	1,142
Interstate Hosiery Mills, Inc., capital	6,945	7,945
Ken-Rad Tube & Lamp Corp, A common	7,150	7,750
Klein (D. Emil) Co., Inc., common	16,414	16,444
Knott Corp., common	8,658	8,858
Lane Bryant, Inc., 7% preferred	22	32
Midland Oil Corp., $2 convertible preferred	8,400	8,450
Mock, Judson, Voehringer Co., Inc., common	1,312	3,020
Nehi Corp., first preferred	1,946	1,975
New York Merchandise Co., Inc., common	90,395	97,828
Niagara Share Corp of Maryland, A preferred	4,666	4,676
B common	139,781	140,981
Root Petroleum Co., $1.20 convertible preferred	3,113	6,713
Sunray Oil Corp., 5½% convertible preferred	289	985
Trans-Lux Corp., common	71,457	83,657
United Cigar-Whelan Stores Corp., common	12,130	12,135
Utilities Equities Corp., $5.50 dividend prior stock	9,100	9,250
Wilson-Jones Co., common	7,800	8,000

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*Initial report.

Trading On New York Exchanges

The Securities and Exchange Commission has made public figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the weeks ended July 25 and Aug. 1, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange Weeks Ending July 25	N. Y. Stock Exchange Weeks Ending Aug. 1	N. Y. Curb Exchange Weeks Ending July 25	N. Y. Curb Exchange Weeks Ending Aug. 1
Total number of reports received	971	977	685	685
1. Reports showing transactions as specialists	164	163	85	84
2. Reports showing other transactions initiated on the floor	130	118	16	16
3. Reports showing other transactions initiated off the floor	147	136	45	37
4. Reports showing no transactions	602	628	544	555

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Weeks Ending July 25 and Aug. 1, 1942

	Total for Week	† Per Cent	Total for Week	†Per Cent
A. Total Round-Lot Sales:				
Short sales	63,500		42,700	
‡Other sales	1,661,750		1,524,190	
Total sales	1,725,250		1,566,890	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	146,210		127,830	
Short sales	27,470		20,820	
‡Other sales	121,440		100,140	
Total sales	148,910	8.55	120,960	7.94
2. Other transactions initiated on the floor—				
Total purchases	77.720		51,780	
Short sales	5,500		5,600	
‡Other sales	68,980		52,140	
Total sales	74,480	4.41	57,740	3.49
3. Other transactions initiated off the floor—				
Total purchases	52,900		52,070	
Short sales	13,800		6,250	
‡Other sales	50,600		38,635	
Total sales	64,400	3.40	44,885	3.09
4. Total—				
Total purchases	276,830		231,680	
Short sales	46,770		32,670	
‡Other sales	241,020		190,915	
Total sales	287,790	16.36	223,585	14.52

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Weeks Ending July 25 and Aug. 1, 1942

	Total for Week	† Per Cent	Total for Week	†Per Cent
A. Total Round-Lot Sales:				
Short sales	1,925		1,835	
‡Other sales	230,115		260,270	
Total sales	232,040		262,105	
B. Round-Lot Transactions for the Account of Members:				
1. Transactions of specialists in stocks in which they are registered—				
Total purchases	20,720		22,750	
Short sales	1,345		1,510	
‡Other sales	32,240		24,270	
Total sales	33,585	11.70	25,780	9.26
2. Other transactions initiated on the floor—				
Total purchases	2,330		2,420	
Short sales	0		0	
‡Other sales	3,145		3,680	
Total sales	3,145	1.18	3,680	1.16
3. Other transactions initiated off the floor—				
Total purchases	14,525		6,255	
Short sales	280		150	
‡Other sales	6,905		8,500	
Total sales	7,185	4.68	8,650	2.84
4. Total—				
Total purchases	37,575		31,425	
Short sales	1,625		1,660	
‡Other sales	42,290		36,450	
Total sales	43,915	17.56	38,110	13.26
C. Odd-Lot Transactions for the Account of Specialists—				
Customers' short sales	0		25	
§Customers' other sales	18,958		18,040	
Total purchases	18,958		18,065	
Total sales	11,709		9,566	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Bankers Dollar Acceptances Outstanding On July 31 Decline To $156,302,000

The volume of bankers' dollar acceptances outstanding on July 31 totaled $156,302,000, a decrease of $6,547,000 from the June 30 figure and a new low for the last 25 years, according to the monthly report issued Aug. 13 by the Acceptance Analysis Unit of the Federal Reserve Bank of New York. The total amount of acceptances outstanding on July 31 was $53,597,000 below a year ago.

In the month-to-month comparison only credits based on goods stored in or shipped between foreign countries was higher on July 31, while in the year-to-year analysis credits for domestic shipments showed an increase.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES
BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	July 31, 1942	June 30, 1942	July 31, 1941
1 Boston	$30,516,000	$32,578,000	$28,857,000
2 New York	94,804,000	95,176,000	132,146,000
3 Philadelphia	8,906,000	9,148,000	11,891,000
4 Cleveland	2,714,000	2,707,000	3,795,000
5 Richmond	1,218,000	1,255,000	767,000
6 Atlanta	1,886,000	2,408,000	1,676,000
7 Chicago	4,011,000	3,810,000	6,285,000
8 St. Louis	376,000	440,000	490,000
9 Minneapolis	94,000	113,000	121,000
10 Kansas City	-------	-------	-------
11 Dallas	607,000	2,143,000	442,000
12 San Francisco	11,170,000	13,071,000	23,429,000
Grand Total	$156,302,000	$162,849,000	$209,899,000

Decrease for month, $6,547,000. Decrease for year, $53,597,000.

ACCORDING TO NATURE OF CREDIT

	July 31, 1942	June 30, 1942	July 31, 1941
Imports	$91,515,000	$93,950,000	$121,469,000
Exports	8,438,000	12,557,000	21,850,000
Domestic shipments	14,110,000	14,312,000	10,816,000
Domestic warehouse credits	31,045,000	37,837,000	36,366,000
Dollar exchange	396,000	397,000	3,454,000
Based on goods stored in or shipped between foreign countries	10,798,000	3,796,000	15,944,000

BILLS HELD BY ACCEPTING BANKS

Own bills $76,506,000 Bills of others $42,210,000 Total $118,716,000
Decrease for month, $3,226,000

Current Market Rates on Prime Bankers' Acceptances, Aug. 13, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Aug. 31, 1939:

1939—			1940—			1941—		
Aug.	31	$235,034,177	Aug.	31	$181,813,000	Aug.	30	$197,472,000
Sept.	30	215,881,724	Sept.	30	176,614,000	Sept.	30	176,801,000
Oct.	31	221,115,945	Oct	31	186,789,000	Oct.	31	184,806,000
Nov.	30	222,599,000	Nov.	30	196,683,000	Nov.	29	193,590,000
Dec.	30	232,644,000	Dec.	31	208,659,000	Dec.	31	194,220,000
1940—			1941—			1942—		
Jan.	31	229,230,000	Jan.	31	212,777,000	Jan.	31	197,278,000
Feb.	29	233,015,000	Feb.	28	211,865,000	Feb.	28	190,010,000
Mar.	30	229,705,000	Mar.	31	217,312,000	Mar.	31	182,675,000
Apr.	30	223,305,000	Apr.	30	219,561,000	Apr.	30	177,293,000
May	31	213,685,000	May	31	215,005,000	May	29	173,906,000
June	29	206,149,000	June	30	212,932,000	June	30	162,849,000
July	31	188,350,000	July	31	209,899,000	July	31	156,302,000

New York Stock Exchange Odd-Lot Trading

The Securities and Exchange Commission has made public a summary for the weeks ended Aug. 1 and 8, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended—	Aug. 1	Aug. 8
Odd-lot Sales by Dealers:		
(Customers' Purchases)		
Number of orders	7,783	7,817
Number of shares	207,774	205,618
Dollar value	$7,453,611	$7,296,191
Odd-lot Purchases by Dealers:		
(Customers' Sales)		
Number of orders:		
Customers' short sales	134	102
*Customers' other sales	8,130	8,198
Customers' total sales	8,264	8,300
Number of shares:		
Customers' short sales	4,204	2,387
*Customers' other sales	195,209	198,520
Customers' total sales	199,413	200,907
Dollar value	$6,059,401	$5,849,189
Round-lot Sales by Dealers:		
Number of shares:		
Short sales	130	270
†Other sales	52,360	54,500
Total sales	52,490	54,770
Round-lot Purchases by Dealers:		
Number of shares	61,310	68,030

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

National Fertilizer Association Price Index Higher Last Week

The general level of wholesale commodity prices moved slightly upward last week, according to the price index compiled by The National Fertilizer Association, and made public on Aug. 17. In the week ended Aug. 15, 1942, this index rose to 128.9 as compared with 128.7 in the preceding week. A month ago this index was 128.8 and a year ago 114.1, based on the 1935-1939 average as 100. The Association's report also added:

The principal price changes during the week occurred in the farm products index, in which 10 items included in the group advanced and only 4 declined. This rise was the net result of advancing quotations for grains and livestock, which more than offset declines in cotton prices. Because of steady advances in the past three weeks, livestock prices are now 5.1% higher than a month ago, and 25.3% higher than a year ago. The index of miscellaneous commodities was higher, reflecting prices advances in cattle feed. The only group average to register a decline was the textile index, which fell off slightly, the result of lower prices for cottons, which offset higher wool quotations.

During the week 16 price series included in the index advanced and 13 declined; in the preceding week there were 18 advances and 11 declines; in the second preceding week there were 15 advances and 11 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week Ang. 15 1942	Preceding Week Ang. 8 1942	Month Ago July 4 1942	Year Ago Aug. 16 1941
25.3	Foods	128.5	128.5	125.7	109.5
	Fats and Oils	140.3	139.9	137.8	116.8
	Cottonseed Oil	158.4	158.4	161.3	134.5
23.0	Farm Products	139.4	138.4	136.7	115.4
	Cotton	174.6	178.0	187.5	149.7
	Grains	112.5	111.9	111.6	102.6
	Livestock	140.1	138.0	133.3	111.8
17.3	Fuels	120.2	120.2	125.2	111.0
10.8	Miscellaneous commodities	127.0	126.7	128.1	122.1
8.2	Textiles	146.9	147.5	148.5	139.6
7.1	Metals	104.4	104.4	104.4	103.9
6.1	Building materials	151.5	151.5	151.6	120.4
1.3	Chemicals and drugs	120.7	120.7	120.7	106.2
.3	Fertilizer materials	117.8	117.8	117.8	112.7
.3	Fertilizers	115.3	115.3	115.3	106.4
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	128.9	128.7	128.8	114.1

*Indexes on 1926-1928 base were: Aug. 15, 1942, 100.4; Aug. 8, 100.3; Aug. 16, 1941, 88.9.

2nd Quarter New Construction At $3.3 Billion

The volume of new construction in the second quarter of 1942 was $3,297,000,000 the Department of Commerce announced on Aug. 6. This, said the announcement, was 25% greater than the preceding quarter and 28% above the same period last year. The record level was reached in spite of a sharp contra-seasonal decline in private construction. Public war construction, one and a half times as large as in the previous quarter and almost three times as large as in the same period a year ago, accounted for the rise. The Bureau supplies the following statistics:

NEW CONSTRUCTION ACTIVITY
(in millions of dollars)

	1941			1942		
	First Quarter	Second Quarter	Last Six Months	First Quarter	Second Quarter	Est. Bal. of year
Total new construction	2,278	2,573	6,294	2,637	3,297	5,792
Total private	1,016	1,323	2,922	869	848	1,037
*Residential Bldg. (non-farm)	508	740	1,633	470	480	470
Non-residential building	327	318	661	190	121	145
Commercial	85	105	198	54	28	25
Industrial	188	156	334	95	63	95
All other	54	57	129	41	30	25
Farm construction	30	90	180	27	81	162
Dwellings	18	53	105	15	45	90
Service	12	37	75	12	36	72
Public utility	151	175	448	182	166	260
Total public construction	1,262	1,250	3,372	1,768	2,449	4,755
Military and naval	580	318	1,161	575	1,137	2,800
Non-residential building	237	400	1,034	732	857	1,150
Industrial	165	336	899	676	801	1,100
All other	72	64	135	56	56	50
Highway	220	255	538	203	194	200
Sewage disposal and water supply	29	30	56	28	30	40
Residential	75	118	286	105	130	415
All other Federal	96	97	232	103	85	130
Misc. public sew. entr's	25	32	65	22	16	20

*Figures from 1939 through the first quarter of 1942, were prepared by the Bureau of Labor Statistics; the figure for the second quarter of 1942 is a preliminary estimate of the Department of Commerce.

Non-Ferrous Metals—Maximum Price On Foreign Silver Set—Imports Expected To Increase

Editor's Note.—Upon request of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 13. stated: "Now that OPA has set a maximum price on silver imported into the United States, regardless of existing contracts, the metal is expected to again move through established channels, and imports should increase. Lead sold in larger volume during the last week, reflecting an improved supply situation. Both copper and zinc showed no changes. Molybdenum is attracting attention because WPB is enlarging its ideas on what may be required and some in the trade believe that allocation of supplies may yet become a fact. All melting schedules in molybdenum have been placed under control." The publication further went on to say in part:

Copper

Copper supplies at present are adequate to meet the heavy demands of the essential war industries. Though August is not yet half gone, producers are ready for the September allotments. Quotations on both domestic and foreign copper remain unchanged.

"Practically all sizes of artillery cases are being made from steel, and attainment of the ultimate goal is indicated by the estimate that they will save some 100,000,000 pounds of copper in 1942 and 591,000,000 pounds in 1943, a very appreciable saving," according to Lieut.-Col. J. H. Frye, of the Ordnance Department, writing on materials conservation in the August issue of Product Engineering. An extremely difficult type of drawing and die design played an important part in producing steel cartridge cases.

Copper Order M-9-b was amended Aug. 7 and now provides that foundries and ingot makers authorized to receive deliveries of refined copper must surrender their allocation certificates to dealers at the time orders are placed. If an order is placed with a refiner, the refiner must endorse the certificate specifying the amount of refined copper he will deliver.

Lead

Producers and consumers showed more interest in placing business in September lead during the last week, which indicates that the views of both sellers and buyers have eased somewhat because of the improved supply outlook. Consumers who have whittled down their inventories sharply are now inclined to take on more metal. The price of common lead continued at 6.50¢, New York, and 6.35¢, St. Louis.

Zinc

Demand for zinc, particularly High Grade, remains as high as ever. Labor problems loom in some producing areas, because of high wages paid for war work in other industries, and there is doubt about increasing production should conditions grow worse. Quotations for zinc continued on the basis of 8.25¢, St. Louis, for Prime Western.

Tin

A new tin can salvage drive is on in New York. N. M. Ohrbach, former Chairman of the Tin Can Salvage Committee, stated that residents of the metropolitan area should be capable of delivering 10,000 tons of old cans a month. Actually, about one-tenth of that amount is being collected monthly, of which only 40% have been properly prepared.

Exports of tin concentrate from Bolivia during May contained 2,864 metric tons of tin, against 3,244 tons in April and 3,587 tons in May last year.

The price of tin was unchanged in the New York market. Straits quality tin for future delivery was nominally as follows:

	Aug.	Sept.	Oct.
Aug. 6	52.000	52.000	52.000
Aug. 7	52.000	52.000	52.000
Aug. 8	52.000	52.000	52.000
Aug. 10	52.000	52.000	52.000
Aug. 11	52.000	52.000	52.000
Aug. 12	52.000	52.000	52.000

Quicksilver

Reports have been received here to the effect that the London price has been raised to £69 per flask. Just why the London quotation should have risen at this time from the old basis of £47 15s, ex-warehouse, is a mystery. In some directions it is believed that the high figure may have resulted from some form of barter transaction, possibly with Spain, and it represents little more than a bookkeeper's record. The situation in New York remains unchanged, quotations holding at $194.43 @ $198.08 per flask.

Silver

In establishing a maximum price on foreign silver, the inflationary pressure on the market is expected to diminish.

During the past week the silver market in London has been unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛¢, and 35¢, respectively.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Aug. 18	117.88	106.92	116.80	113.31	108.16	91.91	96.38	111.44	114.08
17	117.88	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
15	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
13	117.97	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.27
12	117.96	106.92	116.80	113.31	108.34	91.91	96.23	111.44	114.27
11	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.44	114.27
10	117.97	106.92	116.80	113.31	108.34	91.91	96.23	111.62	114.27
8	117.97	107.09	116.80	113.31	108.34	92.06	96.23	111.44	114.27
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
6	117.89	106.92	116.61	113.31	108.16	91.91	96.23	111.44	114.27
5	117.86	106.92	116.61	113.31	108.16	91.91	96.23	111.44	114.27
4	117.90	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
3	118.03	106.92	116.61	113.31	108.16	91.77	95.92	111.44	114.27
1	118.10	106.92	116.61	113.31	108.16	91.77	96.07	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
19	118.33	106.39	116.22	112.93	107.62	91.19	95.47	110.88	113.89
12	118.33	106.21	116.02	112.75	107.44	91.19	95.62	110.88	113.50
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.09	116.80	114.08	108.34	92.50	97.47	111.62	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Aug. 18, 1941	118.76	107.62	118.00	114.85	108.52	91.77	97.16	112.00	114.85
2 Years ago									
Aug. 17, 1940	115.13	103.13	115.82	112.37	103.13	84.94	91.19	108.88	110.52

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Aug. 18	3.34	2.81	2.99	3.27	4.28	3.98	3.09	2.95
17	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
15	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
14	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
13	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.94
12	3.34	2.81	2.99	3.26	4.28	3.99	3.09	2.94
11	3.34	2.81	2.99	3.26	4.28	3.99	3.09	2.94
10	3.34	2.81	2.99	3.26	4.28	3.99	3.08	2.94
8	3.33	2.81	2.99	3.26	4.27	3.99	3.09	2.94
7	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
6	3.34	2.82	2.99	3.27	4.28	3.99	3.09	2.94
5	3.34	2.82	2.99	3.27	4.28	3.99	3.09	2.94
4	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
3	3.34	2.82	2.99	3.27	4.29	4.01	3.09	2.94
1	3.34	2.82	2.99	3.27	4.29	4.00	3.09	2.94
July 31	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	3.35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
19	3.37	2.84	3.01	3.30	4.33	4.04	3.12	2.96
12	3.38	2.85	3.02	3.31	4.33	4.03	3.12	2.98
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	3.33	2.81	2.95	3.26	4.24	3.91	3.08	2.93
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
Aug. 18, 1941	3.30	2.75	2.91	3.25	4.29	3.93	3.06	2.91
2 Years ago								
Aug. 17, 1940	3.56	2.86	3.04	3.56	4.79	4.33	3.23	3.14

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409

Steel Production Gains—Quota System Working Out—Top Ratings Exclusively For Army-Navy

"Production of steel continues to move to higher levels and the uproar over inefficiency in the way it is being distributed to United States war plants does not hide the fact that the American war machine is growing into the biggest the world has yet seen," says "The Iron Age" in its issue of today (Aug. 20). "Few days pass in which the performance of certain segments of United States industry, with relation to the war program, is not characterized as less than adequate," continues this publication, which further states in part:

"This week, like most, had its share of bright news. From steel manufacturing centers comes word that the recently adopted quota system for production of steel is working out. So far the quota plan seems to be enabling the mills to set up a schedule for each product and go ahead without too many product changes within the framework of the priority system. Better balance of raw steel distribution and mill operation is said to be resulting. Yet the actual distribution of steel is governed by the priority regulations and if ratings are not judiciously granted there are bound to be bottlenecks because of "first" things not coming first. Some steel makers believe that the quota system may bring to light mistakes in order rating and for the time being believe that in the quota system's flexibility there is considerable promise.

"News about the priority rating setup in the last few days has not been good, and industries which have "Prio Ritis" in its advance stages report that visits to Washington to straighten out inequalities in PRP ratings are reaching a new high.

"One difficulty seems to be that the armed services have no effective program for coordinating purchases and, consequently, sometimes find ships, planes, tanks and guns complete except for scarce items. Yet here too progress is being made. The groaning workings of the priority system now reflect the movement of items for invasion as the United States goes on the offensive. Since everybody and his sub-contractor has obtained the new high ratings, and with raw materials in some cases inadequate to meet demands of war plants in operation and under construction, the Army and Navy are taking a stronger hand in the confusion over priorities.

"Army and Navy representatives visiting steel plants this week told steel executives that orders for steel to 'kill the enemy' should be filled before orders to be used in building new plants in this country, or developing new landing fields, warehouses and other such projects. Steel 'to kill the enemy.' 'The Iron Age' is told, includes metal that will go into construction of trucks to be shipped to the various battlefronts and, of course, into all types of armament and ordnance materials for use in the fighting areas. This step by the Army and Navy is expected to go far in preventing tie-ups of those plants most vital to the war effort."

The American Iron and Steel Institute on Aug. 17 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.2% of capacity for the week beginning Aug. 17, compared with 96.5% one week ago, 98.0% one month ago and 96.2% one year ago. This represents an increase of 0.7 point or 0.7% from the preceding week. The operating rate for the week beginning Aug. 17 is equivalent to 1,662,800 tons of steel ingots and castings, compared to 1,650,800 tons one week ago, 1,676,500 tons one month ago and 1,589,400 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 17 stated in part: "A tighter grip on steel for military needs was taken by the War Production Board last week, with the Army and Navy given exclusive use of the board's top ratings, AAA, AA-1 and AA-2, and also the right to approve or reject applications for other ratings down to and including AA-4. The immediate effect of this is to subordinate all requirements considered to be of a less essential character. The Army and Navy now have authority over the right-of-way of the nation's iron and steel supplies. As a further move to direct the flow of steel into war channels, present tonnages on AA-2 ratings are being given a standing equal to AA-1, and to eliminate the necessity of rerating the AA-2 tonnage already on mill books, and approved by the Army and Navy, a rating of AA-2X has been established to fill the gap.

"Adding to the industry's scheduling problems is a new procedure providing for the application of re-ratings by the companies which operate under the Production Requirements Plan. This provides that a company may, not oftener than twice a month, revise the rating pattern of its outstanding purchase orders, in accordance with the re-ratings it has received.

"These and other revisions just announced will likely cause a further flurry in re-ratings of jobber orders, left off Aug. 15. In the latter case, in an emergency action designed to enable jobbers to build up stocks to some extent, all orders placed by distributors with ratings above A-1-k and extended on form PD-83-g were given priorities of AA-3, except in certain products, notably structurals, bars and plates, effected largely by allocations of one description or another.

"Paper work in connection with re-ratings continues so heavy that some mills are not able to schedule much below AA-2 and certain producers not even that, although still others appear in somewhat better position. In fact, under production directives, which require a producer to roll a given minimum quantity of a specified product within a given period, they are able to give attention to ratings on some products which are further down the scale than they have considered for some time.

'The steel procurement problem, as far as getting specified compositions is concerned, is becoming more complicated.

"One of the most important war-time developments in metallurgy is the announcement of a new series of steels to be known as 'National Emerency 9400 Series' which are to be made entirely of alloy scrap, with practically no virin alloying element. The steels were developed by a group of metallurgists, representing the American Iron and Steel Institute, at the request of the War Production Board, which asked for a new set of steel specifications satisfactory for certain war goods.

"Production of steel ingots in July—7,148,824 net tons—was the highest ever attained in the month, the industry operating at 94.5% of capacity as of July 1. The new rated capacity figure is 89,198,320 tons annually, an increase of 628,350 tons in the first half of the year. Ingot output in the first seven months this year was 49,719,071 tons, 5% more than in the period last year."

1942 Cotton Loan Program

The 1942 cotton loan program of Commodity Credit Corporation was announced on Aug. 8 by the Department of Agriculture. The Department gives the following details:

"The loan rate is based on 85% of parity price as of Aug. 1, 1942, the beginning of the 1942 marketing year. The average loan rate on seven-eighths-inch middling cotton, gross weight, will be 16.02 cents per pound, based upon parity price of 18.85 for Aug. 1, 1942. Last year the average loan rate on seven-eighths-inch middling cotton, gross weight, was 14.02 cents per pound.

"Premiums and discounts for grade and staple in the 1942 program will be calculated in relation to the loan rate on fifteen-sixteenths-inch middling cotton. The rate for middling fifteen-sixteenths cotton will be 20 points (.2 cents per pound) above the basic rate for seven-eighths-inch middling cotton. As in previous programs, the loan rate will be based on the weight of the cotton. The net weight loan rate will be 70 points above that for gross weight to compensate for the lesser number of pounds on which the loan is extended. The average loan rate for fiftten-sixteenths-inch middling cotton, net weight, will be 16.92 cents per pound.

"The loan rates will vary because of location. The rate for fifteen-sixteenths-inch middling cotton, net weight will vary from a high of 17.46 cents per pound in the mill area of the Carolinas to 16.25 cents per pound in Arizona and California

"Location differentials will be based on freight rates to the mill area of the Carolinas, except in eastern Mississippi, eastern Tennessee, Virginia, North Carolina, South Carolina, Georgia, Florida and Alabama where a zone system will be in effect. . . .

"Cotton producers' notes will bear interest at the rate of 3% per annum and will mature July 31, 1943, but will be callable on demand. Loans will be available until May 1, 1943.

"Loans will be made only on cotton represented by warehouse receipts issued by warehouses approved by Commodity Credit Corporation. Cotton to be eligible for the loan must be classed by a Board of Cotton Examiners of the United States Department of Agriculture.

"The full loan rate will be available only to producers who meet the requirements for a "Cooperator" under the cotton loan regulations. Noncooperating producers may receive a loan at 60% of the rate available to cooperators on that part of their cotton subject to penalty."

Wants Coffee Roasters To Pay Importers More

Price Administrator Leon Henderson on Aug. 9 requested coffee roasters holding old contracts at lower than the Office of Price Administration's maximum prices to void these contracts with coffee importers voluntarily and make payment at the higher permissible ceiling levels. The Price Administrator indicated that such a step was necessary to alleviate severe losses to retailers on allotted contracts during the adjustment period, when the coffee industry's increased freight and insurance charges are being absorbed by the Commodity Credit Corporation.

It was pointed out that such settlement by roasters not only would aid in maintaining a normal channel of distribution—the importer—but also could be accomplished without financial sacrifice to the roaster, who still can get his coffee more cheaply than previously, when he had to pay his own excess freight and insurance charges.

Administrator Henderson also lauded the CCC action in absorbing coffee roasters' added costs since Dec. 7 on war risk and marine insurance, ocean freight surcharge rates and 75% of the interest and freight costs due to steamship deviations to Southern ports. He declared that this move "has averted a severe squeeze on the coffee industry."

Two new OPA amendments to the coffee schedule were issued on Aug. 12 implementing the CCC action. An additional 200 types and grades of coffee were priced specifically, and the privilege of adding to ceiling prices increases in war risk and marine insurance and ocean surcharge rates was limited to coffee shipments from the port of origin made prior to July 2. Action on naming specific prices for additional different grades was approved after extensive trade consultations on proper differentials, and should be of great assistance to the entire industry in their operations.

Moody's Daily Commodity Index

Tuesday, Aug. 11	230.3
Wednesday, Aug 12	230.0
Thursday, Aug. 13	230.7
Friday, Aug. 14	231.2
Saturday, Aug. 15	231.0
Monday, Aug. 17	230.9
Tuesday, Aug. 18	230.4
Two weeks ago, Aug. 4	230.6
Month ago, July 18	231.0
Year ago, Aug. 18	210.1
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Daily Average Crude Oil Production For Week Ended Aug. 8, 1942 Up 587,400 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 8, 1942, was 3,970,450 barrels, an increase of 587,400 barrels over the daily average output for the week ended Aug. 1, 1942, and 58,500 barrels per day higher than in the week ended Aug. 9, 1941. The current figure, however, was 68,050 barrels below the daily average for the month of August, 1942, as recommended by the Office of Petroleum Coordinator. The daily production for the four weeks ended Aug. 8, 1942, averaged 3,689,400 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000 barrels estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,561,000 barrels of crude oil daily during the week ended Aug. 8, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 81,315,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,155,000 barrels during the week ended Aug. 8, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations August	*State Allowables Beginning Aug. 1	—Actual Production— Week Ended Aug. 8 1942	Change From Previous Week	4 Weeks Ended Aug. 8 1942	Week Ended Aug. 9 1941
Oklahoma	415,500	415,500	†389,200	+ 5,800	381,600	415,150
Kansas	281,900	281,900	†256,250	— 23,800	276,500	225,250
Nebraska	4,100	------	†3,550	+ 50	3,500	5,950
Panhandle Texas			100,000	+ 34,200	83,800	80,250
North Texas			139,100	------	139,950	130,850
West Texas			247,850	+ 109,650	202,400	272,650
East Central Texas			91,550	+ 16,700	85,300	83,200
East Texas			420,000	+ 201,950	307,200	369,950
Southwest Texas			184,650	+ 85,550	148,450	218,350
Coastal Texas			300,950	+ 129,500	244,850	284,250
Total Texas	1,396,700	‡1,388,021	1,484,100	+ 577,550	1,211,950	1,439,500
North Louisiana			97,200	+ 1,000	95,700	79,300
Coastal Louisiana			234,700	+ 100	230,400	243,000
Total Louisiana	332,600	350,600	331,900	+ 1,100	326,100	322,300
Arkansas	81,600	72,072	72,550	+ 50	72,400	73,600
Mississippi	50,000		†75,200	— 6,800	78,700	47,850
Illinois	289,300		281,650	+ 7,300	275,800	356,850
Indiana	20,600		†19,050	+ 750	18,600	20,250
Eastern (not includ. Ill. & Ind.)	110,000		92,400	— 10,150	96,200	88,000
Michigan	66,800		62,400	— 100	61,700	41,900
Wyoming	95,000		91,900	+ 1,150	91,450	85,700
Montana	22,700		23,250	+ 1,600	22,100	20,400
Colorado	7,200		6,600	— 200	6,800	3,950
New Mexico	97,300	97,300	70,650	------	69,300	109,700
Total East of Calif.	3,271,300		3,260,650	+ 554,300	2,992,700	3,256,350
California	767,200	§767,200	709,800	+ 33,100	696,700	655,600
Total United States	4,038,500		3,970,450	+ 587,400	3,689,400	3,911,950

*O. P. C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in May, 1942, as follows: Oklahoma, 28,100; Kansas, 4,600; Texas, 97,500; Louisiana, 17,900; Arkansas, 2,700; New Mexico, 5,200; California, 40,000; other States, 20,700.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a. m. Aug. 5.

‡As provided for in the original order of the Texas Railroad Commission, this is the net basic allowable as of Aug. 1 calculated on a 31-day basis and including shutdowns and exemptions for the entire month. Shutdown was ordered for Aug. 8, 9, 15, 16, 22, 23, 29, 30 and 31. A revised order was issued, effective Aug. 8, increasing the allowable to approximately 1,482,433 barrels and lifting the shutdowns in certain fields for Aug. 8, production for which is included with this week's figures. Shutdown in several other fields was lifted for Aug. 22, 23, 29, 30 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED AUG. 8, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,627	66.7	5,020	38,655	19,410	17,988
Appalachian	176	84.8	142	80.7	424	2,883	584	550
Ind., Ill., Ky.	804	83.3	715	88.9	2,569	15,092	5,073	3,768
Okla., Kansas, Mo.	416	80.1	366	88.0	1,237	7,021	1,603	1,419
Rocky Mountain	147	48.0	89	60.5	293	2,111	412	567
California	817	89.9	622	76.1	1,612	15,553	11,942	54,283
Tot. U. S. B. of M. basis, Aug. 8, 1942	4,800	85.6	3,561	74.2	11,155	†81,315	39,024	78,575
Tot. U. S. B. of M. basis, Aug. 1, 1942	4,684	86.9	3,672	78.4	11,138	81,324	37,530	78,383
U. S. Bur. of Mines basis, Aug. 9, 1941			3,912		12,965	84,073	43,996	93,189

*At the request of the Office of Petroleum Coordinator.
†Finished, 73,649,000 barrels; unfinished, 7,666,000 barrels.
‡At refineries, at bulk terminals, in transit, and in pipe lines.

Wholesale Commodity Prices Continue Steady In August 8 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Deparment of Labor, announced on Aug. 13 that commodity prices in primary markets were comparatively steady during the week ended Aug. 8. The Bureau's index of 889 price series remained unchanged at 98.6% of the 1926 level. Average prices for these commodities are now at exactly the same level as in the week of April 25, just before the General Maximum Price Regulation was issued. They are 10% higher than at this time last year.

The indexes for four of the 10 major commodity groups declined during the week and 1—building materials—advanced. In all cases the changes were less than one-half of 1%.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will atempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past three weeks, for July 11, 1942 and Aug. 9, 1941, and the percentage changes from a week ago, a month ago, and a year ago.

WHOLESALE PRICES FOR WEEK ENDED AUG. 8, 1942

(1926=100)

Commodity Groups—	8-8 1942	8-1 1942	7-25 1942	7-11 1942	8-9 1941	Percentage changes to Aug. 8, 1942 from— 8-1 1942	7-11 1942	8-9 1941
All Commodities	*98.6	*98.6	*98.4	*98.5	89.6	0	+0.1	+10.0
Farm products	105.4	105.6	105.4	105.5	87.8	—0.2	—0.1	+20.0
Foods	99.7	100.1	98.9	98.7	86.2	—0.4	+1.0	+15.7
Hides and leather products	118.8	118.8	118.8	118.9	109.9	0	—0.1	+ 8.1
Textile products	96.5	96.5	96.8	96.8	87.1	0	—0.3	+10.8
Fuel and lighting materials	79.6	79.6	79.5	79.5	79.6	0	+0.1	0
Metals and metal products	*103.9	*103.9	*203.9	*104.0	98.6	0	—0.1	+ 5.4
Building materials	110.2	110.0	110.1	110.3	104.2	+0.2	—0.1	+ 5.8
Chemicals and allied products	96.3	96.4	96.4	97.2	85.7	—0.1	—0.9	+12.4
Housefurnishing goods	104.4	104.4	104.4	104.5	95.9	0	—0.1	+ 8.9
Miscellaneous commodities	88.9	89.1	89.6	90.0	83.0	—0.2	—1.2	+ 7.1
Raw materials	100.4	100.5	99.8	99.8	87.4	—0.1	+0.6	+14.9
Semimanufactured articles	92.6	92.6	92.6	92.8	88.9	0	—0.2	+ 4.2
Manufactured products	*98.9	*98.8	*98.8	*98.9	91.0	+0.1	0	+ 8.7
All commodities other than farm products	*97.2	*97.1	*96.9	*97.0	90.0	+0.1	+0.2	+ 8.0
All commodities other than farm products and foods	*95.7	*95.8	*95.9	*96.0	90.6	—0.1	—0.3	+ 5.6

*Preliminary.

Electric Output For Week Ended Aug. 15, 1942 Shows 12.9% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 15, 1942, was 3,654,795,000 kwh., which compares with 3,238,160,000 kwh., in the corresponding period in 1941, a gain of 12.9%. The output for the week ended Aug. 8, 1942, was estimated to be 3,637,070,000 kwh., an increase of 12.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	—Week Ended— Aug. 15, '42	Aug. 8, '42	Aug. 1, '42	July 25, '42
New England	6.2	3.9	6.4	4.9
Middle Atlantic	9.7	7.0	6.7	8.6
Central Industrial	7.3	7.5	7.5	8.9
West Central	4.3	4.8	5.6	7.6
Southern States	21.9	23.5	20.0	21.5
Rocky Mountain	8.3	7.6	8.1	7.1
Pacific Coast	25.5	24.6	23.8	21.2
Total United States	12.9	12.5	11.8	12.6

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Jun 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925
Jun 13	3,463,528	3,101,291	+11.7	2,664,853	1,441,532	1,699,227
Jun 20	3,433,711	3,091,672	+11.1	2,653,788	1,440,541	1,702,501
Jun 27	3,457,024	3,156,825	+ 9.5	2,659,825	1,456,961	1,723,428
July 4	3,424,188	2,903,727	+17.9	2,425,229	1,341,730	1,592,075
July 11	3,428,918	3,178,054	+ 7.9	2,651,626	1,415,704	1,711,625
July 18	3,565,367	3,199,105	+11.4	2,681,071	1,433,993	1,727,225
July 25	3,625,645	3,220,526	+12.6	2,760,935	1,440,386	1,723,031
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2,743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22		3,230,750	------	2,714,193	1,436,440	1,750,056
Aug 29		3,261,149	------	2,736,224	1,464,700	1,761,594

Engineering Const. Up 119% Over Year Ago

Engineering construction volume for the week totals $200,600,000, an increase of 22% over a week ago, and 119% more than the total reported for the corresponding week last year by "Engineering News-Record." Private consruction is 32% higher than in the preceding week, but is 34% lower than in the 1941 week. Public work gains 22% over last week and 152% over last year due to the increase in Federal construction.

The current week's construction brings the 1942 volume to $6,471,393,000, an increase of 57% over the $4,125,233,000 reported for the 33-week period in 1941. Private work, $422,611,000, is 51% below the period last year, but public construction, $6,048,782,000, is 85% higher as a result of the 134% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Aug. 14, 1941	Aug. 6, 1942	Aug. 13, 1942
Total Construction	$91,586,000	$163,973,000	$200,600,000
Private Construction	16,491,000	8,274,000	10,889,000
Public Construction	75,095,000	155,699,000	189,711,000
State and Municipal	21,499,000	9,319,000	6,744,000
Federal	53,596,000	146,380,000	182,967,000

In the classified construction groups, gains over last week are in waterworks, sewerage, commercial buildings, public buildings, earthwork and drainage, and unclassified construction. Increases over the 1941 week are in waterworks, sewerage, public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $5,590,000; sewerage, $9,399,000; bridges, $732,000; industrial buildings, $1,950,000; commercial building and large-scale private housing, $8,689,000; public buildings, $114,061,000; earthwork and drainage, $10,161,000; streets and roads, $11,997,000; and unclassified construction, $38,021,000.

New capital for construction purposes for the week totals $1,023,000. This compares with $17,501,000 for the week last year. The week's new financing is made up of $958,000 in State and municipal bond sales, and $65,000 in corporate security issues.

New construction financing for the year to date, $9,509,648,000, tops the volume for the 33-week period a year ago by 77%.

June Farm Income Far Ahead Of Year Ago

Cash income from farm marketings made about the usual seasonal increase from May to June, according to the July issue of "The Farm Income Situation," published by the Bureau of Agricultural Economics, U. S. Department of Agriculture. The total in June was $1,059,000,000, compared with $993,000,000 in May and $773,000,000 in June, 1941. Income from crops increased much less than usual from May to June, largely because of smaller receipts from cotton and wheat. This was offset by a substantial increase in sales of all meat animals in June over May, so that income from livestock increased instead of declining seasonally as usual at this time of year. For poultry and eggs, the decline from May to June in income was less than usual, and for dairy products the increase was smaller than usual. Government payments in May were not available for this report, but January to May payments amounted to $389,000,000, compared with $303,000,000 last year.

The Bureau's report further said:

"During the first half of 1942 cash income from farm marketings totaled $5,773,000,000, compared with $4,012,000,000 in the same period last year. Income from crops increased from $1,229,000,000 to $1,666,000,000, an increase of 36%, and income from livestock and livestock products was up from $2,783,000,000 to $4,107,000,000, or 48%. The largest increases were from cotton, oil-bearing crops, meat animals, and eggs, although returns from all other groups of farm products were also somewhat higher.

"Income from truck crops in June was up more than seasonally from May and income from feed grains and hay increased slightly after seasonal adjustment. On the other hand, because of slightly later harvesting, the returns from wheat increased much less than usual, and returns from oil-bearing crops declined somewhat because of smaller sales of soybeans. These changes together with the sharp reduction in income from cotton (largely because of the smaller quantity of cotton redeemed and sold during June) resulted in a decline (from 113.0% of the 1924-39 average in May to 94.0% in June) in the seasonally adjusted index of income from crops. However, the index of income from livestock and livestock products rose from 145.5% in May to 164.0% in June largely because of a rise of about 25% in the seasonally adjusted income from meat animals. Although marketings of meat animals in May declined somewhat following the announcement of the price stabilization program, marketings of all species of meat animals were unusually heavy in June.

"Prospects for 1942 crops on July 1 were much above average and livestock production in 1942 will be much above previous years, indicating a record volume of marketings during the latter half of 1942. If the general level of farm prices continues at about the present level, the heavy volume of marketings should result in at least the usual seasonal increase in farm income during the remainder of the year. On the basis of these prospects, income from marketings in 1942 may exceed $14,000,000,000. If Government payments are about as large as in 1941, total cash income from farm marketings, including Government payments, probably will exceed $14,500,000,000."

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Aug. 8, 1942 is estimated at 10,925,000 net tons, a decrease of 275,000 tons, or 2.5%, from the preceding week. Output in the corresponding week of 1941 amounted to 10,699,000 net tons. Total production of soft coal in 1942 to date shows an increase of 20.3% over the corresponding period in 1941.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Aug. 8, 1942 was estimated at 1,227,000 tons, a decrease of 24,000 tons or 1.9% from the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 108,000 tons (8.1%). The calendar year to date shows a gain of 8.1% when compared with the corresponding period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of by-product coke in the United States for the week ended Aug. 8, 1942 showed an increase of 1,600 tons when compared with the output for the week ended Aug. 1. The quantity of coke from beehive ovens decreased 4,900 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS (000 OMITTED)

	Week Ended			January 1 to Date		
Bituminous and lignite coal—	Aug. 8, 1942	Aug. 1, 1942	Aug. 9, 1941	*Aug. 8, 1942	Aug. 9, 1941	Aug. 7, 1937
Total includ. mine fuel	10,925	11,200	10,699	344,333	286,159	264,168
Daily average	1,821	1,867	1,783	1,865	1,557	1,433

*Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn anthracite—	§Aug. 8, 1942	Aug. 1, 1942	Aug. 9 1941	§Aug. 8, 1942	Aug. 9, 1941	Aug. 10, 1929
*Total, incl. colliery fuel	1,227,000	1,251,000	1,335,000	36,120,000	33,407,000	41,886,000
†Commercial production	1,166,000	1,188,000	1,268,000	34,314,000	31,737,000	38,870,000
Beehive coke—						
United States total	150,200	155,100	145,900	4,772,000	3,752,900	4,211,300
By-product coke—						
United States total	1,201,700	1,200,100	‡	37,021,500	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					July avge.
State—	Aug. 1, 1942	July 25, 1942	Aug. 2, 1941	Aug. 3, 1940	July 31, 1937	¶1923
Alaska	5	4	4	4	2	**
Alabama	378	381	340	304	264	389
Arkansas and Oklahoma	90	91	80	48	58	74
Colorado	134	135	115	75	88	165
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,124	1,088	1,119	839	710	1,268
Indiana	470	467	431	287	234	451
Iowa	43	43	38	44	33	87
Kansas and Missouri	159	145	134	94	92	134
Kentucky—Eastern	964	962	924	806	745	735
Kentucky—Western	223	206	198	126	137	202
Maryland	36	38	38	24	29	42
Michigan	6	5	1	1	3	17
Montana (bituminous and lignite)	63	65	46	46	43	41
New Mexico	33	33	20	15	28	52
North and South Dakota (lignite)	24	22	24	15	13	**14
Ohio	677	685	621	418	395	854
Pennsylvania (bituminous)	2,728	2,688	2,706	2,127	2,035	3,680
Tennessee	133	133	126	93	97	113
Texas (bituminous and lignite)	6	6	7	9	23	23
Utah	111	112	72	64	48	87
Virginia	403	399	401	293	245	239
Washington	39	40	27	27	32	37
*West Virginia—Southern	2,306	2,292	2,288	1,911	1,903	1,519
†West Virginia—Northern	913	883	804	594	483	866
Wyoming	130	126	110	91	97	115
‡Other Western States	1	††	††	††	††	**4
Total bituminous and lignite	11,200	11,050	10,675	8,355	7,837	11,208
§Pennsylvania anthracite	1,251	1,230	1,299	787	611	1,950
Total, all coal	12,451	12,280	11,974	9,142	8,448	13,158

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason. and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

July Retail Prices Remain Unchanged, According To Fairchild Publications Index

For the first time since September 1940 retail prices have remained unchanged, according to the Fairchild Publications Retail Price Index. This follows two monthly declines of 0.2% during May, and 0.1% during June, the first declines recorded since July 1, 1938. However, prices are still 13.6% higher than last year, and 27.2% above the pre-war low in 1939.

The firm's announcement further said:

"No movement was recorded for men's apparel, infants' wear or home furnishings. An increase of 0.1% was shown in piece goods, and a decrease of 0.1% was found in women's apparel. This increase and the few other advances found in the individual items are due entirely to the inclusion of the prices recorded in the fall catalogues put out at this time by the mail order houses. Since these catalogues are issued twice a year, in January and July, these are increases above January prices which appear for the first time in this month's index. In comparison with a year ago and also with the levels prevailing immediately before the outbreak of war in September 1939, piece goods show the greatest advance, 20.4% and 33.7%, and infants' wear the smallest, 9.4% and 12.6%.

"The increases in the individual commodities were shown in silks, cottons, blankets, men's shoes, and infants' socks. There were decreases of 0.1% in woolens, aprons and housedresses, women's underwear and shoes, and men's underwear and hose. All other items remained unchanged. Over a year ago the greatest increases were recorded by cottons, sheets and pillowcases, women's hose and aprons and housedresses. Infants' underwear, furs and women's shoes showed the smallest advances.

"With the Aug. 1 index remaining unchanged, the index stays only fractionally above the March level, the base for the General Maximum Price Regulation set by the Office of Price Administration. The peak in retail prices having been reached in March, changes in retail quotations will continue to be comparatively nominal in the near future, according to A. W. Zelomek, economist, under whose supervision the index is compiled. However, some upward adjustments have already been made, particularly in the case of low cost distributors or to relieve special hardships, and more will undoubtedly be necessary."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	Aug. 1, 1941	May 1, 1942	June 1, 1942	July 1, 1942	Aug. 1, 1942
Composite Index	69.4	99.6	113.4	113.2	113.1	113.1
Piece Goods	65.1	93.3	112.6	112.2	112.2	†112.3
Men's Apparel	70.7	91.5	105.6	105.2	105.1	105.1
Women's Apparel	71.8	96.9	113.2	113.0	112.9	112.8
Infants' Wear	76.4	98.7	108.6	108.3	108.0	108.0
Home Furnishings	70.2	102.4	115.8	115.7	115.6	115.6
Piece Goods						
Silks	57.4	72.0	85.1	84.9	84.9	†85.0
Woolens	69.2	93.2	108.5	108.4	108.2	108.1
Cotton Wash Goods	68.6	114.6	144.1	143.4	143.4	†143.9
Domestic						
Sheets	65.0	100.8	127.7	127.2	127.0	127.0
Blankets & Comfortables	72.9	120.8	135.2	135.2	134.9	†135.0
Women's Apparel						
Hosiery	59.2	73.5	94.8	94.5	94.1	94.1
Aprons & House Dresses	75.5	111.0	141.0	140.8	140.6	140.5
Corsets & Brassieres	83.6	94.6	111.4	111.4	111.3	111.3
Furs	66.8	*126.2	*136.3	*136.1	*136.0	*136.0
Underwear	69.2	88.0	103.1	102.8	102.8	102.7
Shoes	76.5	89.1	92.5	92.5	92.5	92.4
Men's Apparel						
Hosiery	64.9	89.2	108.6	108.1	108.1	108.0
Underwear	69.6	94.2	115.6	114.7	114.7	114.6
Shirts & Neckwear	74.3	87.4	99.6	99.2	99.0	99.0
Hats & Caps	69.7	85.7	94.9	94.3	94.3	94.3
Clothing incl. Overalls	70.1	95.2	105.3	105.1	105.1	105.1
Shoes	76.3	97.4	109.8	109.6	109.5	†109.6
Infants' Wear						
Socks	74.0	104.0	115.6	115.1	114.4	†114.5
Underwear	74.3	95.9	103.8	103.8	103.6	103.6
Shoes	80.9	96.3	106.4	105.9	105.9	105.9
Furniture	69.4	116.7	129.3	129.2	129.2	129.2
Floor Coverings	79.9	135.1	147.0	146.8	146.8	146.8
Radios	50.6	*56.7	*66.8	*66.8	*66.8	*66.8
Luggage	60.1	*79.1	*95.2	*95.0	*94.8	*94.7
Electrical Household Appliances	72.5	*84.9	*93.6	*93.6	*93.5	*93.5
China	81.5	102.1	110.9	110.8	110.7	110.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

†Increase due solely to special pricing of new mail order catalogs; such catalogs are generally issued twice a year—in January and July. Thus permissible increases above January prices appear for the first time in this month's index.

Supply And Distribution Of Domestic And Foreign Cotton In The U. S., Season Of 1941-42

The preliminary report for the several items of the supply and distribution of cotton in the United States for the 12 months ending July 31, 1942, issued by the Department of Commerce, Bureau of the Census, at Washington on Aug. 15, are presented in the following tabular statements. Number I shows the principal items of supply and distribution; Number II the comparative figures of stocks held on July 31, 1941 and 1942; and Number III further details concerning the supply and the distribution. The quantities are given in running bales, except that round bales are counted as half bales and foreign cotton in equivalent 500-pound bales. Linters are not included.

I—COTTON GINNED, CONSUMED, AND DESTROYED IN THE UNITED STATES FOR THE 12 MONTHS ENDING JULY 31, 1942

	Bales
Ginnings, from Aug. 1, 1941, to July 31, 1942	10,541,538
Consumed	11,172,328
Destroyed (baled cotton)	50,000

II—STOCKS OF COTTON IN THE UNITED STATES JULY 31, 1942 AND 1941

	1942 Bales	1941 Bales
In consuming establishments	2,252,690	1,876,776
In public storages and at compresses	7,632,193	9,703,976
†Elsewhere (partially estimated)	705,000	585,000
Total	10,589,883	12,165,752

III—SUPPLY AND DISTRIBUTION OF DOMESTIC AND FOREIGN COTTON IN THE UNITED STATES FOR THE 12 MONTHS ENDING JULY 31, 1942

*SUPPLY	Bales	Bales
Stocks on hand Aug. 1, 1941, total		12,165,752
In consuming establishments	1,876,776	
In public storages and at compresses	9,703,976	
†Elsewhere (partially estimated)	585,000	
Ginnings during 12 months, total		10,541,538
Crop of 1941 after July 31, 1941	10,492,912	
Crop of 1942 to Aug. 1, 1942	48,626	
*DISTRIBUTION	Bales	Bale
Consumed		11,172,328
Destroyed (baled cotton)		50,000
Stocks on hand July 31, 1942, total		10,589,883
In consuming establishments	2,252,690	
In public storages and at compresses	7,632,193	
†Elsewhere (partially estimated)	705,000	

†Includes cotton for export on shipboard but not cleared; cotton coastwise; cotton in transit to ports, interior towns, and mills; cotton on farms, etc.

*In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of detailed statistics concerning imports and exports. Therefore imports have not been included in the figures given for supply and exports have not been included in the figures given for distribution.

Note—Foreign cottons included in above items are 197,799 bales consumed; 139,622 on hand Aug. 1, 1941; and 134,880 on hand July 31, 1942.

Supply and Distribution Statistics for Linters

(Not Included in Cotton Statistics Above)

Stocks of linters Aug. 1, 1941, were 787,398 running bales; production during 12 months ending July 31, 1942, 1,183,871 bales; consumption 1,494,073 bales; destroyed 3,800 bales; and stocks July 31, 1942, 629,240 bales.

Earnings, Payrolls At New Peaks In June

Hourly and weekly earnings and payrolls again rose in June to surpass all previous records, according to the regular monthly survey of 25 manfacturing industries by The Conference Board, New York. The Board stated under date of Aug. 17 that "this is true of weekly earnings not only in terms of dollars and cents but also when measured by the amounts of goods and services these earnings would buy." It adds:

"When considered in terms of the commodities and services that could be obtained, the weekly pay envelope of the average worker contained more than in any previous month. 'Real' weekly earnings, or dollar earnings adjusted for changes in living costs, rose 1.3% in June because weekly earnings advanced and the cost of living remained unchanged. The June level was 5.0% higher than that a year earlier, and 42.4% higher than that for 1929."

From the Board's advices we also quote:

"Average weekly earnings of all wage earners in the 25 manufacturing industries were 1.4% higher than in May. At $39.53 they stand 15.4% above June, 1941 and 38.5% over the 1929 average. In 14 of the industries surveyed, the average weekly return advanced above the May level while in nine industries, declines of less than one dollar were recorded and the remaining two showed substantial declines.

"Hourly earnings advanced 1.2% from May to June, the survey shows. At $.917 an hour, they exceeded those of June, 1941 by 12.1% and the average for 1929 by 55.4%. This was a result of increases in 21 industries, no change in two, and declines in two industries. In a number of instances higher hourly earnings were due to wage increases or the attainment of greater skill by workers and their transfer to more highly paid occupations.

"The number of hours worked in one week again reached the post-depression peak which had been attained in April of this year. For the 25 manufacturing industries as a whole, an average of 42.8 hours was recorded. The heavy equipment industry averaged exactly 48 hours, the machine and machine tool industry 51 hours, while all other industries surveyed totaled less than 48. Total man hours worked also rose above all previous peak levels, with an advance of 1.7% over May, 14.3% above June, 1941, and 17.9% higher than in 1929. This was the effect of increased employment coupled with a longer work week.

"Payrolls, due to the increase in man hours and higher hourly earnings, rose 2.9% to 199.9% of the 1923 average. This was a rise of 28.7% above June of last year and 84.4% above the 1929 average.

"The lumber and millwork industry showed the largest increases in both hours and earnings. Hourly earnings for that industry rose 4.8% from May to June, weekly earnings advanced 11.1% as a result of a 6.0% increase in the length of the work week, involving overtime payment.

Get Diplomatic Posts

President Roosevelt sent to the Senate on Aug. 10 the nominations of Thomas M. Wilson, of Tennessee, to be Minister Resident and Consul General to Iraq, and of Leland B. Morris, of Pennsylvania, to be Minister to Iceland. Both are at present Foreign Service officers of Class 1. Mr. Morris was the ranking United States diplomatic representative in Germany when war was declared. The Senate confirmed both these nominations on Aug. 13.

Revenue Freight Car Loadings During Week Ended Aug. 8, 1942 Totaled 849,752 Cars

Loading of revenue freight for the week ended Aug. 8, totaled 849,752 cars, the Association of American Railroads announced on Aug. 13. This was a decrease below the corresponding week in 1941 of 28,753 cars or 3.3%, but an increase above the same week of 1940 of 122,679 cars or 16.9%.

Loading of revenue freight for the week of Aug. 8 decreased 13,776 cars or 1.6% below the preceding week.

Miscellaneous freight loading totaled 387,126 cars, a decrease of 7,986 cars below the preceding week, but an increase of 26,487 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 89,051 cars, a decrease of 524 cars below the preceding week, and a decrease of 67,658 cars below the corresponding week in 1941.

Coal loading amounted to 163,440 cars, a decrease of 2,283 cars below the preceding week, and a decrease of 2,994 cars below the corresponding week in 1941.

Grain and grain products loading totaled 42,126 cars, a decrease of 1,492 cars below the preceding week, and a decrease of 3,762 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Aug. 8 totaled 27,650 cars, a decrease of 940 cars below the preceding week, and a decrease of 4,453 cars below the corresponding week in 1941.

Livestock loading amounted to 11,998 cars, an increase of 209 cars above the preceding week, and an increase of 2,012 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Aug. 8 totaled 8,745 cars, an increase of 260 cars above the preceding week, and an increase of 1,541 cars above the corresponding week in 1941.

Forest products loading totaled 53,083 cars, a decrease of 2,379 cars below the preceding week, but an increase of 3,964 cars above the corresponding week in 1941.

Ore loading amounted to 89,052 cars, an increase of 622 cars above the preceding week, and an increase of 12,352 cars above the corresponding week in 1941.

Coke loading amounted to 13,876 cars, an increase of 57 cars above the preceding week, and an increase of 846 cars above the corresponding week in 1941.

All districts reported decreases compared with the corresponding week in 1941, except the Southwestern but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Week of Aug. 1	863,528	883,022	717,927
Week of Aug. 8	849,752	878,505	727,073
Total	26,094,853	25,024,694	21,181,985

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 8, 1942. During this period only 45 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED AUG. 8

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	389	587	662	1,271	1,402
Bangor & Aroostook	1,027	921	816	187	265
Boston & Maine	5,929	8,917	7,216	13,839	13,055
Chicago, Indianapolis & Louisville	1,359	1,632	1,304	1,772	2,472
Central Indiana	29	14	14	53	71
Central Vermont	1,036	1,555	1,198	2,528	2,541
Delaware & Hudson	6,617	7,161	5,548	11,481	11,006
Delaware, Lackawanna & Western	7,402	10,277	7,950	10,538	8,884
Detroit & Mackinac	346	414	406	124	116
Detroit, Toledo & Ironton	1,511	2,442	1,391	1,273	1,392
Detroit & Toledo Shore Line	307	290	199	2,915	3,394
Erie	12,800	15,048	12,423	15,640	16,099
Grand Trunk Western	4,007	4,189	3,387	7,798	7,999
Lehigh & Hudson River	146	157	172	3,260	2,653
Lehigh & New England	2,258	2,504	1,914	2,042	2,170
Lehigh Valley	9,049	10,320	8,225	11,447	10.041
Maine Central	2,265	3,241	2,825	2,487	2,529
Monongahela	6,385	6,640	5,002	338	382
Montour	2,305	2,444	2,285	28	41
New York Central Lines	46,782	49,181	40,783	55,789	50,042
N. Y., N. H. & Hartford	9,447	11,964	9,186	19,374	16,649
New York, Ontario & Western	961	1,238	1,148	2,379	2,406
New York, Chicago & St. Louis	7,094	7,234	5,881	15,456	13,806
N. Y., Susquehanna & Western	326	538	404	1,821	1,712
Pittsburgh & Lake Erie	7,631	8,287	7,623	8,655	9,428
Pere Marquette	5,166	5,627	5,007	6,372	6,356
Pittsburgh & Shawmut	804	664	832	22	30
Pittsburgh, Shawmut & North	372	439	348	285	574
Pittsburgh & West Virginia	1,151	1,240	1,067	3,559	2,212
Rutland	371	562	588	978	1,175
Wabash	5,684	6,108	5,372	13,005	10,699
Wheeling & Lake Erie	5,202	5,883	4,502	4,999	4,628
Total	156,158	177,718	145,753	221,715	206,229
Allegheny District—					
Akron, Canton & Youngstown	627	847	503	1,031	1,079
Baltimore & Ohio	41,960	42,620	33,758	26,003	22,735
Bessemer & Lake Erie	7,173	6,825	6,231	2,930	2,267
Buffalo Creek & Gauley	281	301	326	5	4
Cambria & Indiana	1,930	1,916	1,338	8	17
Central R. R. of New Jersey	7,410	8,535	6,160	20,342	16,269
Cornwall	658	659	651	47	59
Cumberland & Pennsylvania	280	321	251	16	33
Ligonier Valley	125	128	66	29	55
Long Island	1,006	896	667	3,485	2,051
Penn-Reading Seashore Lines	1,729	1,773	1,282	2,317	2,170
Pennsylvania System	83,239	87,279	68,100	64,642	57,975
Reading Co.	14,412	18,067	13,561	28,582	22,748
Union (Pittsburgh)	21,202	19,059	19,030	7,841	6,438
Western Maryland	4,007	4,317	3,314	13,454	8,510
Total	186,039	193,543	155,298	170,732	143,410
Pocahontas District—					
Chesapeake & Ohio	27,373	29,405	24,423	12,945	13.881
Norfolk & Western	23,530	24,648	20,960	6,641	6,284
Virginian	4,342	4,630	4,393	2,075	1,895
Total	55,245	58,683	49,776	21,661	22,060
Southern District—					
Alabama, Tennessee & Northern	352	391	244	398	220
Atl. & W. P.—W. R. R. of Ala.	808	930	711	3,041	1,890
Atlanta, Birmingham & Coast	969	944	730	1,007	1,104
Atlantic Coast Line	10,511	9,760	7,878	10,021	6,640
Central of Georgia	3,768	4,635	3,665	3,927	3,899
Charleston & Western Carolina	490	623	534	1,549	1,565
Clinchfield	1,784	1,788	1,410	2,634	2,596
Columbus & Greenville	383	230	187	215	349
Durham & Southern	126	190	170	955	511
Florida East Coast	915	498	364	1,483	839
Gainesville Midland	46	33	25	103	110
Georgia	1,257	1,261	1,234	2,596	2,183
Georgia & Florida	675	604	356	455	485
Gulf, Mobile & Ohio	4,223	3,986	2,952	4,885	3,358
Illinois Central System	26,118	25,119	19,004	17,573	14,116
Louisville & Nashville	25,032	25,727	21,960	11,162	8,014
Macon, Dublin & Savannah	210	199	125	652	664
Mississippi Central	171	240	133	675	462
Nashville, Chattanooga & St. L.	2,841	3,352	2,808	4,441	3,246
Norfolk Southern	1,185	1,510	1,034	1,989	1,105
Piedmont Northern	316	492	397	1,229	1,244
Richmond, Fred. & Potomac	431	428	344	8,764	5,790
Seaboard Air Line	10,134	10,510	8,716	8,372	6,390
Southern System	24,400	25,968	21,764	22,772	19,039
Tennessee Central	529	537	474	814	779
Winston-Salem Southbound	116	144	147	985	876
Total	117,790	120,099	97,366	112,697	87,474
Northwestern District—					
Chicago & North Western	21,057	23,038	20,739	13,489	12,954
Chicago Great Western	2,296	2,812	2,668	3,128	3,114
Chicago, Milw., St. P. & Pac.	19,186	23,005	20,179	10,258	10,345
Chicago, St. Paul, Minn. & Omaha	3,344	4,037	3,759	3,773	4,237
Duluth, Missabe & Iron Range	30,432	25,800	21,992	432	234
Duluth, South Shore & Atlantic	757	1,112	817	799	576
Elgin, Joliet & Eastern	10,015	11,087	9,363	9,939	9,935
Ft. Dodge, Des Moines & South	521	524	534	118	151
Great Northern	27,515	26,700	23,907	5,470	4,215
Green Bay & Western	472	588	494	744	754
Lake Superior & Ishpeming	2,586	2,583	3,403	62	82
Minneapolis & St. Louis	2,288	1,936	2,081	2,203	2,192
Minn., St. Paul & S. S. M.	7,153	7,889	6,676	3,225	3,293
Northern Pacific	11,349	11,429	10,992	4,711	4,881
Spokane International	204	253	342	702	394
Spokane, Portland & Seattle	2,694	2,866	1,719	2,812	2,210
Total	141,869	145,709	129,665	61,865	59,567
Central Western District—					
Atch., Top. & Santa Fe System	22,680	22,526	18,290	12,003	8,279
Alton	3,329	3,500	2,938	4,455	3,296
Bingham & Garfield	698	645	557	100	77
Chicago, Burlington & Quincy	18,716	17,882	14,149	11,566	10,289
Chicago & Illinois Midland	2,480	2,760	1,909	833	1,052
Chicago, Rock Island & Pacific	12,210	13,657	11,229	11,704	10,439
Chicago & Eastern Illinois	2,146	2,801	2,307	4,035	3,040
Colorado & Southern	794	830	581	1,776	1,517
Denver & Rio Grande Western	3,710	3,398	3,243	6,285	4,197
Denver & Salt Lake	689	655	552	12	28
Fort Worth & Denver City	1,310	1,235	1,051	1,404	1,111
Illinois Terminal	1,452	2,092	1,806	2,592	2,109
Missouri-Illinois	1,355	1,073	881	410	882
Nevada Northern	2,126	1,847	1,441	128	118
North Western Pacific	1,217	1,263	1,073	726	654
Peoria & Pekin Union	12	16	22	0	0
Southern Pacific (Pacific)	31,030	31,124	25,949	10,424	7,413
Toledo, Peoria & Western	277	440	266	1,622	1,559
Union Pacific System	*14,300	17,303	15,012	*15,281	11,677
Utah	592	498	403	3	5
Western Pacific	2,429	2,089	2,048	4,328	2,850
Total	123,552	127,634	105,707	89,687	70,592
Southwestern District—					
Burlington-Rock Island	648	156	149	150	202
Gulf Coast Lines	4,206	3,069	2,853	2,194	2,035
International-Great Northern	2,782	1,820	1,541	2,724	2,463
Kansas, Oklahoma & Gulf	396	184	193	1,142	1,102
Kansas City Southern	4,874	2,532	1,841	3,075	2,718
Louisiana & Arkansas	4,169	2,240	1,823	2,493	2,028
Litchfield & Madison	285	357	297	1,331	1,370
Midland Valley	681	868	512	234	248
Missouri & Arkansas	171	153	168	356	445
Missouri-Kansas-Texas Lines	5,338	4,621	3,818	4,818	3,755
Missouri Pacific	16,519	16,492	12,413	19,635	11,355
Quanah Acme & Pacific	70	139	86	234	174
St. Louis-San Francisco	8,889	8,372	6,577	8,282	5,601
St. Louis Southwestern	2,597	2,609	1,903	6,647	3,411
Texas & New Orleans	12,166	7,626	5,907	4,789	4,244
Texas & Pacific	5,133	3,724	3,245	7,037	4,471
Wichita Falls & Southern	120	140	157	36	104
Weatherford M. W. & N. W.	55	17	25	25	55
Total	69,099	55,119	43,508	65,202	45,780

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1942—Week Ended—					
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96
June 6	110,226	120,374	283,390	69	95
June 13	115,300	125,016	274,512	72	94
June 20	98,766	117,924	248,594	69	93
June 27	104,178	120,359	231,368	72	92
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Lumber Movement—Week Ended Aug. 8, 1942

Lumber production during the week ended Aug. 8, 1942, was 0.4% greater than the previous week, shipments were 12% less, new business 12% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 0.2% above production; new orders 3% above production. Compared with the corresponding week of 1941, production was 9% less, shipments 10% less, and new business 4% greater. The industry stood at 126% of the average of production in the corresponding week of 1935-39 and 136% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 31 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 7% above the orders of the 1941 period. For the 31 weeks of 1942, new business was 23% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 73% on Aug. 8, 1942, compared with 47% a year ago. Unfilled orders were 14% greater than a year ago; gross stocks were 26% less.

Softwoods and Hardwoods

Record for the current week ended Aug. 8, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	439	439	456
Production	263,901	290,867	262,954
Shipments	264,375	293,586	298,841
Orders	271,308	259,739	309,475

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	359	95
Production	251,789—100%	12,112—100%
Shipments	250,923—100	13,452—111
Orders	259,324—103	11,984— 99

Non-Farm Foreclosures

Non-farm real estate foreclosures during the first half of 1942 continued the downward trend that has prevailed since 1933, the 23,074 cases representing a decrease of nearly 28% from the corresponding period of 1941, the Federal Home Loan Bank Administration reported on Aug. 8. Thus far in 1942, each month has kept well below the corresponding month of 1941 in foreclosure totals. The report said:

"The average for the year to date is 82% under the average month of 1933. The degree of improvement for the half year was much greater than during the first 6 months of 1941. If this rate of decline continues for the rest of the year, the estimated foreclosures for all of 1942 will be about 42,000 cases, as compared with 58,400 estimated for 1941.

"This improvement in the urban foreclosure situation since 1941 is widespread geographically. All 12 Federal Home Loan Bank Districts participated in this downward movement with decreases ranging from 49% for the Indianapolis District (Indiana and Michigan) to 18% for the Boston District, embracing the New England States."

For the year ending June 30, the report pointed out, 49,514 foreclosure cases were estimated, or a rate of 2.6 per 1,000 dwellings, compared with 68,432 cases for the year ending June 30, 1941, a rate of 3.6 per 1,000.

"Contrary to the normal seasonal decline of 2%, foreclosure cases for last June slightly exceeded those for the month of May," the analysis continued. "There were 3,850 foreclosures registered in this month compared to 3,813 cases in May and 5,047 for June, 1941."

Items About Banks, Trust Companies

The application of the Bowery Savings Bank, New York City, for membership in the Federal Deposit Insurance Corporation has been approved, it was announced in Washington on Aug. 10 by Leo T. Crowley, Chairman of the FDIC. The Bowery Savings Bank, largest mutual savings bank in the country, had deposits of $457,000,000 on July 1. Approval of the Bowery's application raises to seven the number of mutual savings banks in New York State that are members of the FDIC. These seven members, all in New York City, account for one-fourth of the total deposits in the State's mutual savings banks.

Dr. O. Robert Schoubye was elected to the Board of Trustees of the Bay Ridge Savings Bank of Brooklyn, N. Y., at a meeting held Aug. 11, it was announced by Robert S. Darbee, President of the bank. Dr. Schoubye, was unanimously elected and brings the membership of the Board up to 16.

The Federal Reserve Bank of New York announces that the Farmers and Merchants Bank, Spencer, N. Y., has become a member of the Federal Reserve System. This is the ninth new member bank in the New York district this year. The institution had assets of $911,000 on June 30. Its President is Myron Fisher and its Secretary is Claude J. Tompkins.

The Board of Trustees of the Bridgeport (Conn.) Peoples Savings Bank announce the election of George C. Waldo as a Trustee. Mr. Waldo, Editor-in-Chief of the Bridgeport "Post-Telegram," was previously a Trustee of the bank, which was one of the first in Connecticut to adopt savings bank life insurance.

The defunct Commercial Trust Co., New Britain, Conn., on Aug. 10 paid, through its receiver, a 3% dividend to commercial depositors. This new dividend, amounting to about $56,000, brings total repayments to commercial depositors to 43% since the bank closed in December, 1930. No further plans were announced to make an additional dividend payment to savings depositors, the latter according to the Hartford "Courant" having already received 85% of their principal. Outstanding claims against the closed bank, after payment of this dividend, are said to amount to $1,350,000.

Warren A. Tyson, head of the Philadelphia investment banking firm of W. A. Tyson & Co., died on Aug. 13 in Philadelphia. He was 57 years old. Mr. Tyson had been in the investment business for 34 years and had headed his own company since 1922.

The State Bank of Hardinsburg, Hardinsburg, Ind., became a member of the Federal Reserve Bank of St. Louis on Aug. 6. The new member, organized in 1902, has a capital of $25,000, surplus of $10,000, and total resources of $433-500.

The addition of the State Bank of Hardinsburg brings the total membership of the Federal Reserve Bank of St. Louis to 445. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth District. This is the eighth State bank in this district to join the System since the first of the year.

Edward H. Keep, former Cashier of the Whitney Central National Bank, New Orleans, died on Aug. 9 of heart disease. He was 70 years old. Mr. Keep entered the banking business as a runner for the Old Canal Bank, serving these in various capacities, including that of Cashier, for 15 years. Mr. Keep then entered the employ of the Whitney Central National Bank as Cashier and served for 20 years until forced to resign because of ill health.

The liquidators of the old Canal Bank and Trust Co., New Orleans, on Aug. 10 began distribution of $2,870,833 to depositors and creditors of the bank. According to the New Orleans "Times-Picayune," the liquidators said that substantial reduction in borrowed money indebtedness accomplished since completion of the additional loan obtained Nov. 9, 1940, had made apparent sufficient equity to warrant the board of directors of the Reconstruction Finance Corporation's approval of a further advance to the liquidation.

Francis S. Baer was elected to the Board of Directors of Bank of America and made a Vice-Chairman of the board at a meeting of the bank's directors in Los Angeles on Aug. 11, according to President L. M. Giannini.

Mr. Baer will assume his new activities with the bank on Sept. 1, making his headquarters in San Francisco. He will continue as a director and officer of the Pacific Finance Corp. Starting his banking career in 1915 with the First National Bank of Pasadena, Mr. Baer later became a Vice President of the Security First National Co. In 1929 he became President of the Pacific Co. of California, and since 1934 he has served as President and director of Pacific Finance Corp. of California. He is also a director of the Blue Diamond Corp., Ltd., the Pacific Indemnity Co., and Union Oil Co. of California.

The Bank of Montreal announces that John Alexander Macaulay, K.C., of Aikins, Loftus, Aikins & Macaulay of Winnipeg, has been appointed a director.

The Midland Bank Ltd. (head office London), in its statement of accounts as of June 30, 1942, shows total assets of £730,963,356, as compared with £729,477,044 on Dec. 31, 1941 and £653,980,729 on June 30, 1941. Coin, bank notes and balances with the Bank of England are given as £79,302,052 on the latest date, against £75,553,266 and £66,888.238 on the two earlier dates; bills discounted at £57,725,081, compared with £33,461,839 and £45,542,414; Treasury deposit receipts to £130,000,000, against £159,000,000 and £103,000,000; investments to £221,172,107, compared with £206,146,013 and £177,549,048, and advances to £159,818,393, against £169,812,486 and £180,094,363. Current, deposit and other accounts are listed at £689,567,665 on June 30, compared with £687,206,091 and £613,126,117, respectively six months and a year ago. The bank's capital paid up is given as £15,158,621, the same as on the two earlier dates, and the reserve fund is also the same, £12,410,309.

Visit N. Y. S. E.

Honorable Doctor Joaquin Estada, Minister of Finance of the Republic of Bolivia, and Honorable Alberto Crespo, Minister of Economy, were guests of the New York Stock Exchange on Aug. 7. In the absence of Emil Schram, President, they were welcomed by Howland S. Davis, Executive Vice-President, and Clinton O. Mayer, Jr., Chairman of the Exchange's Inter-American Hospitality Committee.

U. S. & Mexico Adopt Currency Controls

Secretary of the Treasury Morgenthau announced on Aug. 13 that the Government of Mexico and the Government of the United States have, in cooperation, taken steps to further supplement the measures aimed at preventing the disposition within the Western Hemisphere of currency looted by the Axis. In its announcement the Treasury Department had the following to say:

"The Government of Mexico has prohibited the importation into that country of all United States currency other than bills of $2 denomination and United States coins. At the same time all United States currency presently within Mexico has been ordered into the Bank of Mexico and associated banks. Such currency will not be released by the Mexican Government but in those cases in which persons who have turned over such currency can prove that the currency was legitimately acquired and free from Axis taint, the peso equivalent will be turned over to the person surrendering the United States currency.

"It was announced that persons failing to turn in United States currency in their possession would be treated as enemies of Mexico within the meaning of the Mexican laws dealing with trading with the enemy and enemy property.

"In order to supplement the Mexican decree the Treasury announced that on and after Aug. 14, 1942, it would be illegal to export to Mexico any United States currency other than coins and bills of $2 denomination. Furthermore, all United States currency brought into this country from Mexico on and after Aug. 14, 1942 (except coins and bills of $2 denomination), will be required to be surrendered to the United States Customs authorities at the border. Such currency will be turned over to the Federal Reserve Banks in accordance with the procedure established under General Ruling No. 5, as amended.

"The effect of this joint measure of the United States and Mexican Governments is to prevent use being made of Mexico as a place in which Axis agents may dispose of dollar currency looted abroad.

"Treasury spokesmen stated that the new regulations would in no way interfere with the legitimate activities of residents on either side of the United States-Mexico border who have long been accustomed to using pesos and dollar currency without distinction on both sides of the international line. The exemptions provided in both the Mexican and United States rulings will allow pesos to enter and leave the United States and American $2 bills and coins to enter and leave Mexico freely.

"It was further said that the new regulations would not affect the free passage across the border of checks, drafts, traveler's checks and other credit instruments in the same manner as has been true up to the present time. Likewise nothing contained in the present regulations will prevent Americans from maintaining bank accounts in Mexican banks or Mexicans from maintaining accounts in banks within the United States. Such accounts, many of which now exist, will remain entirely unaffected.

"This action supersedes the previous Treasury Department ruling which had allowed any person arriving in the United States from Mexico to bring with him up to $250 in United States currency regardless of the denomination of the bills imported.

"It was pointed out that tourists going from the United States to Mexico would be subject to no inconvenience whatsoever in connection with the new rulings, provided that before departing for Mexico they converted such funds as they intended taking with them into traveler's checks, bank drafts or other credit instruments or into $2 bills or coins.

"Treasury spokesmen stated that the $2 bill had been eliminated from the restrictions imposed on the importation and exportation of other United States currency to and from Mexico by reason of the fact that very few such bills have fallen into Axis hands whereas it is known that large amounts of United States currency of other denominations have come under the control of the aggressors.

"The Treasury also announced that any person leaving the United States going through Mexico en route to any other country would be allowed to carry United States currency in any denomination having an aggregate value of $250, plus $250 for each accompanying dependent."

AIB Has Course For New Bank Employees

Chapters and study groups of the American Institute of Banking throughout the country are being offered a new short introductory course in banking designed for the young, inexperienced employees now coming into banks to take the places of young men departing to the military services. The course is contained in a new textbook called "An Introduction to the Study of Banking," completion of which has been announced by David E. Simms, National President of the Institute. The text contains eight chapters or lessons devoted to the following subjects:

"Starting Your Banking Career.
"What Our Banks Do.
"How We Americans Use Checks.
"How Our Banks Lend and Invest Money.
"Our Banks and the Public.
"You and Your Bank.
"How Our Banking System Grew.
"How Our Banks Are Regulated and Supervised."

It is written in simple, direct language and is well illustrated and is designed to give the inexperienced newcomers a brief allover picture of why banks are, what they do, and how they do it. In addition, it is intended to serve as a preliminary to the Institute's course, "Bank Organization and Operation." It is contemplated that the course will occupy a minimum of eight classroom sessions of one and one-half hours each, or a total of twelve hours of classroom work. In making the announcement, Mr. Simms states:

"During the past year there has been a widespread demand for an introductory banking course which would meet the needs of the young and inexperienced employees who have come into the banks in large numbers and who are entirely unprepared for the study of bank organization and operation. As a result, the Institute has undertaken to provide a short course which will serve to orient these new employees in the banking field."

The textbook will be available in September to all chapters and banks. The price will be $1.50.

Niles Presidential Aide

The White House announced on Aug. 1 that President Roosevelt has appointed David K. Niles, of Boston, now employed by the War Production Board, to be one of his administrative assistants. It is stated that Mr. Niles is the fourth administrative assistant to be named to one of the $10,000-a-year posts authorized by Congress.

The others are Lowell Mellett, Laughlin Currie and William H. McReynolds.

At the WPB, Mr. Niles served as assistant to Wendell Lund, head of the Labor Production Division.

From Washington

(Continued from First Page)

Republican Senatorial campaign which apparently is taking on considerable heat and which is attracting fairly national interest because of the distinction of one of the leading candidates, Albert W. Hawkes, who served last year as President of the United States Chamber of Commerce. A man long eminent in national and international affairs you would think that in these days and times, with men dying on the battlefronts, wih Congress being steadily shoved out of the scene, that a man of Hawkes' calibre would at least be given the nomination on a silver platter. But no, he is being opposed by the so-called Arthur Vanderbilt machine. Vanderbilt's explanation is that frankly, he thinks Gill Robb Wilson, a World War hero, who has worked at it pretty much ever since, a sometime preacher, a spellbinder, can out-demagogue the Democratic incumbent Smathers. Of what avail would it be to the people if he did, why make a switch at all? There are some three other candidates in the race but the fight is looked upon as being between Hawkes and Wilson.

Vanderbilt very likely has another motive in opposing Hawkes, because most political prognosticators believe that Hawkes would get the support of some 50,000 Democrats in the general election.

It's a downright pity, with this country being in the fix it is, that such thinking as that of Vanderbilt's would have a chance of prevailing. Yet Hawkes is admittedly up against a hard fight. His problem, of course, is to get out a heavy Republican vote in which case the machine vote would be lost. This can be done if the commuter vote turns out.

Several years ago another man of Hawkes' eminence decided to take the dirt that goes with politics and run for the Senate. In this instance, that of Dwight W. Morrow's campaign, the decent people were aroused and put him over. Unfortunately for the country as a whole he died before he had gotten his Senate seat fairly warmed.

Hawkes' greatest appeal apparently, as so far demonstrated, is with the women voters. He seems to impress them with his sincerity. Notwithstanding that he has been in business all of his life, he conducts an effective campaign. He is lanky, stoop shouldered; bears a strong resemblance to Lincoln. In fact, he talks in the same homely fashion as Lincoln, uses a lot of Lincoln phrases. He has a great knack of bringing contentious forces together. In the year he served as President of the U. S. Chamber of Commerce he traveled pretty much over the country addressing labor groups and he accomplished a lot in ironing out differences, misunderstanding and in general, working to bring about unity. Incidentally, he has any number of staunch friends among the labor leaders. Undoubtedly he would fare handsomely with the labor vote in the general election, but it doesn't have any appreciable influence in New Jersey's Republican primary.

In this, his job is to overturn the Vanderbilt machine, which the machine is afraid he may do.

Anyway, it is a campaign worth watching. Many of Hawkes' friends tried to dissuade him from running, or as they put it, joining in the filth of politics. His contention was that he was tired of hearing his friends saying the country was headed for the dogs without their being willing to try to do something about it.

It will be interesting to see whether the people have become so utterly numb that they are only casually interested in the personnel of their Government.